Annual Mutual Fund Survey

Performance ratings on 1,404 funds

September 2, 1991 Four Dollars

Forbes

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BUYS

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FORBES

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Kennedy's right!

SIR: Having spent time in mainland China, Tibet and Burma, I strongly disagree with continuing most-favored-nation status for China *(Fact and Comment, June 24)*. China is practicing genocide in Tibet, supports a brutal police state in Burma and perpetuates many known abuses in its own country. Human rights in the Soviet Union were restored (to the extent they are) through a strong restrictive trade policy toward that country. As a Republican it hurts to admit that Kennedy and Mitchell are right on this issue!

–ROBERT H. DEMING
Golden, Colo.

Sugar bullies

SIR: The Nokyo cooperative bullies the Japanese farmer, irritates U.S. trade officials, and adds to the food cost of a Japanese household ("Bullies on the farm," *July 22*), but the pernicious effect falls short of what the U.S. government subsidy for the sugar lobby does to distort the lives of the sugar-producing nations in our own hemisphere.

David Mack

Tasuku Kanesaka
Japanese farm manager.

–CHARLES G. WESTWATER
South Nyack, N.Y.

Dissenting opinion

SIR: Re "Junk science in the courtroom" *(July 8)*. FORBES complains of expert witnesses being allowed to give their opinion and, most disturbingly, suggests that no expert should be allowed to give an opinion in court unless his opinion is approved by a federal agency such as the National Institutes of Health or the Centers for Disease Control. That would allow the control of both knowledge and opinion by the government. An odd view indeed for supposed champions of private enterprise and individual initiative.

–ROBERT H. WAGSTAFF
Wagstaff, Pope & Clocksin
Anchorage, Alaska

SIR: I agree that judges have a role in ensuring that the evidence introduced into our courtrooms is valid, applicable, and honestly presented. We offer comprehensive education and training for trial judges in evidentiary matters and all aspects of trial management.

As a society, we somehow expect men and women to become all-knowing once they put on black robes; the real truth is that they can be just as perplexed by these cases as any other nonscientist. Your article points out why American business needs to take an interest in improving the quality and efficiency of our nation's courts, and why judicial education is a wise investment.

–JUDGE V. ROBERT PAYANT
Dean of The National Judicial College
Reno, Nev.

Contingent M.B.A.s?

SIR: Re your article "Contingent income taxation" *(July 22)* on the Campbell ruling [which says tax shelter promoters who participate in their own deals must pay taxes up front on estimated future profits], I suppose that next spring when I hand my students their diplomas I should include a bill from the IRS.

–HERBERT MAYO
Professor of Finance
Trenton State College
Trenton, N.J.

Agri-business lending

SIR: To investigate whether small banks could be both highly profitable ("What am I doing wrong? I'm still making money," *July 8*) and sector specialists over the long run, we looked at agriculturally oriented banks over the decade of the 1980s. Qualification as a member of our "High Performance Bank" set included a return on average assets of no less than 1.1% every year. We found 204 banks which met our criteria in spite of the problems suffered by the agricultural economy during this period. Would that the "too big to fail" monsters were so well managed.

–DOUGLAS G. DUNCAN
GEORGE B. WALLACE
Agricultural economists
U.S. Department of Agriculture
Washington, D.C.

Drastic recommendation

SIR: You asked readers to let the Financial Accounting Standards Board know how foolish its ideas were *(Fact and Comment, June 24)*. I have a drastic recommendation to make: that you or others found a rival standards board and let the virtues of free competition work their magic. Accountants should remain servants of the business world, not masters.

–REUBEN WOLK
Miami Beach, Fla.

We yield

SIR: In the table of "100 U.S.-traded Foreign Stocks" *(July 22)* the sponsored ADRS of Reed International are identified as having a yield of zero. This is completely wrong.

–NIGEL STAPLETON
Finance Director
Reed International
London, England

Due to a computer error we didn't calculate a yield for Reed International. We should have shown a yield of 4.4% (based on the 5/31 price).—ED.

Dressing down

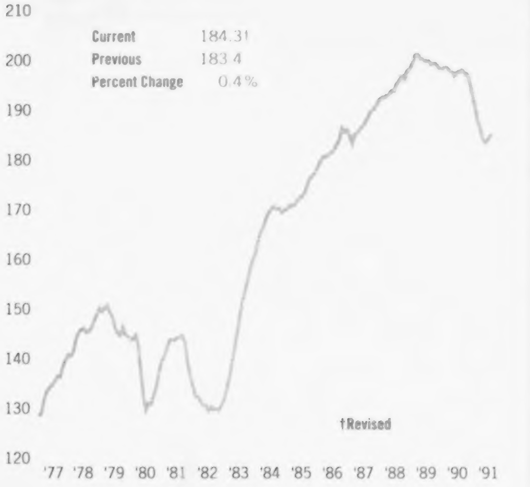
SIR: I take exception to "Dinnerhouse technology" *(July 8)*. The food at the Olive Garden restaurants is memorable. The salad is not "soggy with dressing." I have been to locations throughout the U.S. and have never been disappointed.

–JOANNE BIRD
Indian Head Park, Ill.

THE FORBES INDEX

BY TIMOTHY DODMAN

The Forbes Index (1967=100)



The Federal Reserve is again lowering the federal funds rate—what banks pay other banks on overnight borrowings—in hopes this will stimulate investment and capital spending. The M2 money supply (currency, checking deposits, savings accounts, small time deposits and money market funds) has grown at the lower end of the Fed's 2.5%-to-6.5% target range. Inflation, often a by-product of an expanding money supply, does not seem to be a problem: The producer price index for finished goods fell 0.2% in July and is only 2.9% above year-ago levels.

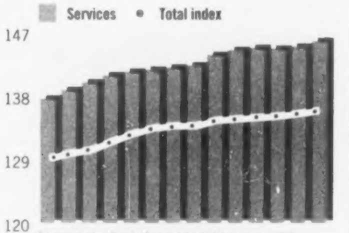
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	8.5%
Auto sales year to date vs 1990[1]	Ward's Automotive	-11.1%
Index of leading indicators June vs May	Dept of Commerce	0.5%
Trade balance 12 months ended May 1991	Dept of Commerce	-$85 bil
All-commodity producer price index July vs June[2]	Dept of Labor	-0.3%
GNP 2nd quarter vs. 1st—annualized growth	Dept of Commerce	0.4%
M2 (3-month change)—annualized growth[3]	Federal Reserve	2.8%

[1] U.S.-based manufacturers, excludes imports, as of 7/30/91. [2] Wholesale goods. [3] Includes M1 (public currency and checking deposits) plus savings accounts and money market funds.

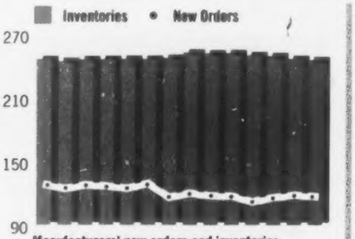
Index components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

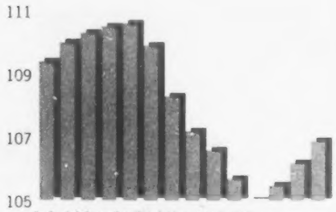
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



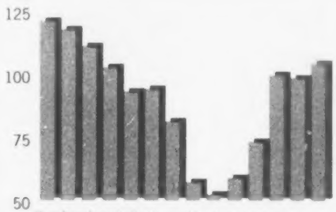
Consumer price indexes (1982-84 average=100) all urban consumers, unadjusted (Dept of Labor)



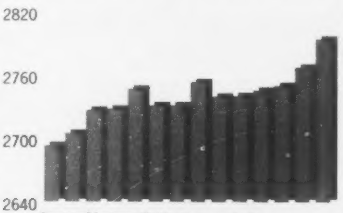
Manufacturers' new orders and inventories ($billions), seasonally adjusted (Dept of Commerce)



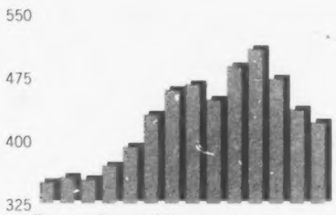
Industrial production index (1987=100) seasonally adjusted (Federal Reserve)



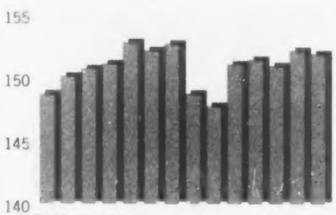
New housing starts (thousands) privately owned, unadjusted (Dept of Commerce.



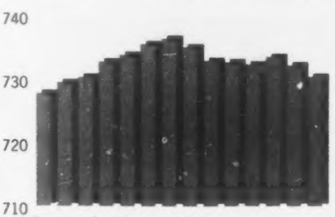
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept of Commerce)



New unemployment claims average for month (thousands), seasonally adjusted (Dept of Labor)



Retail sales ($billions), seasonally adjusted (Dept of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

A major auto industry grows in Mexico. Which is good for the U.S., but not necessarily for Detroiters.

"We do what Mexicans do"

By Jerry Flint

WHILE THE AUTO BUSINESS flags in the U.S., it is booming in Mexico. Domestic sales there have doubled in the last three years, and so has the number of cars produced for export, mostly to the U.S. And guess what? Honda and Toyota aren't the winners. They don't sell in Mexico. The winners are Ford, General Motors and Chrysler, plus Volkswagen and Nissan.

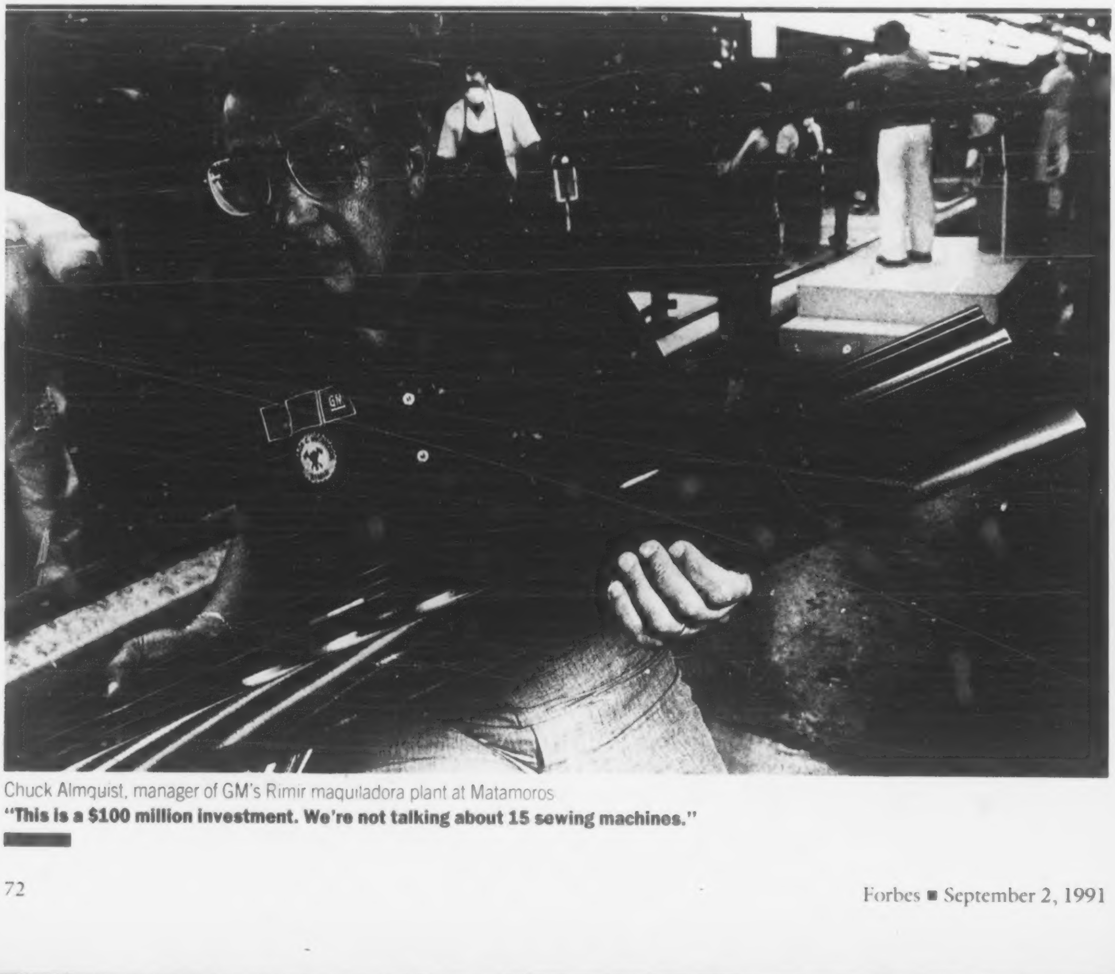
A new Ford Taurus costs around $25,000 in Mexico, about 50% more than in the U.S. Yet Mexicans will buy 650,000 new cars and trucks this year, against 550,000 last year. But there are still only 66 cars for every 1,000 people in Mexico, versus 500 cars for every 1,000 people in the U.S. Closing that gap to, say, 120 cars per 1,000 people would bring the Mexican car market to 1 million sales.

Thanks to protection against outsiders, the companies that have invested in Mexico are making good money even on their relatively low volumes.

But Mexico offers more than a good market. It is an increasingly favorable place to build cars and parts. With its hardworking people and low wages, Mexico is becoming a key piece in Detroit's entire effort to become profitable again.

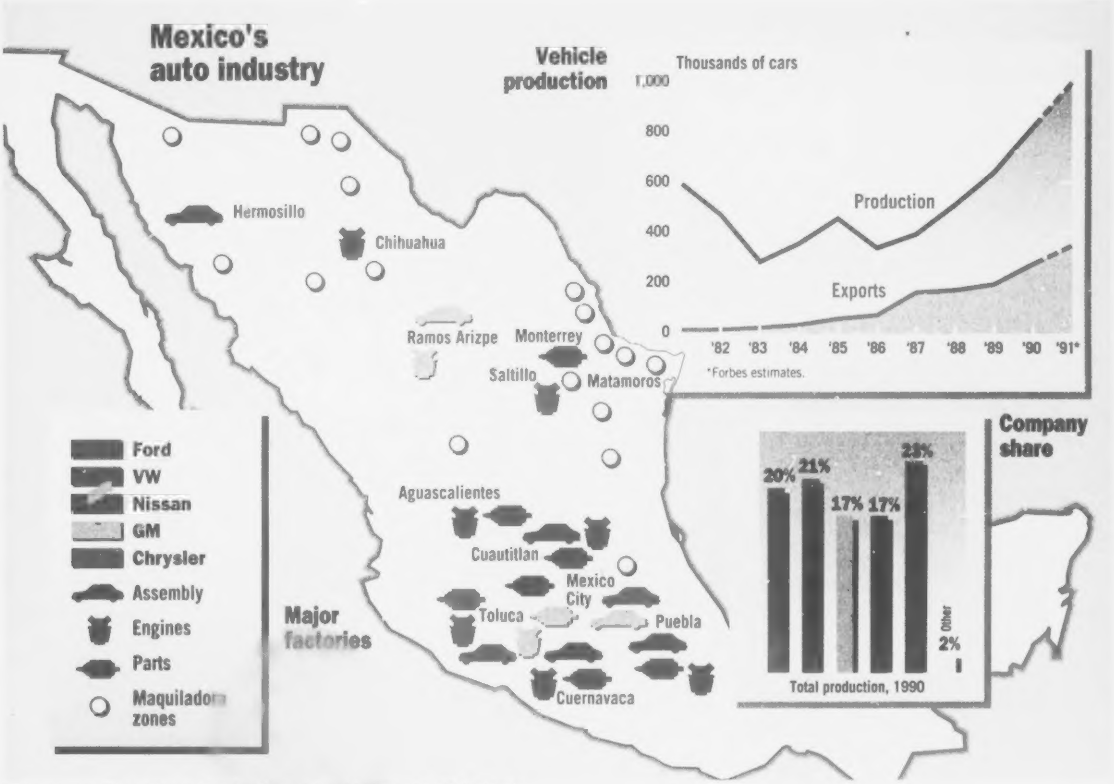
Of the nearly 1 million vehicles currently being produced in Mexico, close to 400,000 finished cars are for export, mostly to the U.S. and Canada. These include Mercury Tracers, Dodge Shadow convertibles, Buick Centurys, Volkswagen Golfs, plus millions of radios, engines and other parts. Total value: $7 billion shipped to the U.S. last year. The volume is likely to grow, particularly with the free-trade rules being drawn up now.

Volkswagen is creating an export-



Will van Overbeek

Chuck Almquist, manager of GM's Rimir maquiladora plant at Matamoros
"This is a $100 million investment. We're not talking about 15 sewing machines."


Mexico's auto industry
Vehicle production
Thousands of cars
1,000
800
600
400
200
0
Production
Exports
'82
'83
'84
'85
'86
'87
'88
'89
'90
'91*
*Forbes estimates.
Company share
20%
21%
17%
17%
23%
Other
2%
Total production, 1990
Hermosillo
Chihuahua
Ramos Arizpe
Monterrey
Saltillo
Matamoros
Aguascalientes
Cuautitlan
Mexico City
Toluca
Puebla
Cuernavaca
Major factories
Ford
VW
Nissan
GM
Chrysler
Assembly
Engines
Parts
Maquiladora zones

Five companies share Mexico's car/truck growth. Old plants ring Mexico City, while new factories and maquiladora parts plants are sited in the north and along the border.

oriented production base in Puebla, two hours outside Mexico City, in the shadow of the smoking Popocatépetl volcano. This year VW will send 400,000 engines and 200,000 axle sets back to Germany; from the fall of 1992 every VW Golf and Jetta sold in the U.S. and Canada will come from Puebla. "For the first time in our life, we're in sight of real economies of scale, and for our suppliers, too," says Martin Josephi, chairman of VW de Mexico.

Ford is spending $700 million to upgrade—and build new small engines at—its Chihuahua engine plant, which exported 270,000 engines last year. Nissan has proposed spending $1 billion on parts-producing plants and a new assembly plant in Mexico. Mercedes plans to assemble cars in Mexico and, if that works well, maybe export them to the U.S. Why? Because those Japanese luxury cars are killing Mercedes on price.

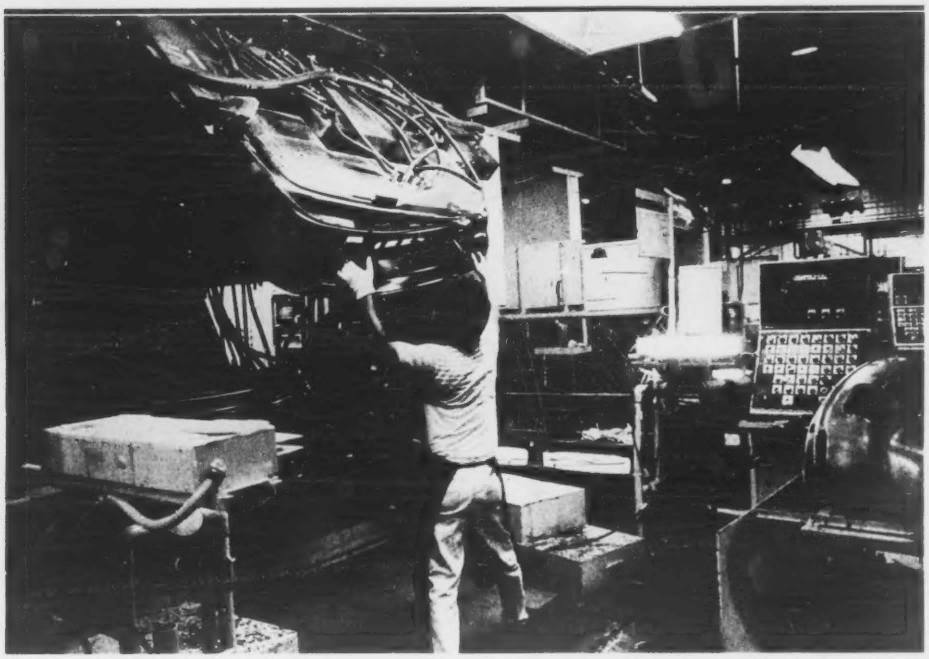
That Mercedes is interested in Mexico says something about the country's manufacturing quality. Last year a Massachusetts Institute of Technology study group called Ford's plant in Hermosillo better than the best plants in Japan. (The plant makes Ford Escort station wagons and Mercury Tracers for export only.) GM's chairman, Robert Stempel, says his engine plant in Mexico is his best worldwide, and his car plant at Ramos Arizpe is getting one discrepancy per car—"pretty top drawer for anybody."

"They [the foreign companies] are all over us on quality," says an executive from Grupo Summa, a major Mexican auto parts producer. "If we don't get Q1, we won't get the business. No Pentastar, we lose Chrysler. But that's all to the good." This businessman expects to triple his $100-million-a-year business in three to five years.

Mexico's basic attraction is, of course, its huge reserves of low-cost labor. In the U.S. wages and benefits run past $30 an hour for automakers. In Spain the figure is $16 an hour. In Mexico it's $1.55 an hour on the border and around $5.50 in Mexico City. That's for American companies. Mexican-owned partsmakers may not be nearly as generous. In the Mexico City area, for instance, the minimum wage is $4 a day.

Okay, wages are low, but how's the productivity?

At Chrysler's plant at Toluca, 4,000 production workers turn out 30 automobiles an hour. In a typical U.S. plant, 2,400 workers would roll 60 an hour. So the U.S plant is three and a half times more productive. But U.S. workers are at least ten times more expensive than their Mexican



Will van Overbeek

Pulling bumper fronts at Rimir

It's no surprise that Mexican workers are cheap by U.S. standards. The big surprise is the quality of their work.

counterparts; net, the advantage swings to Mexico—and will continue to do so as new investment lifts Mexican productivity.

Not surprisingly, the United Auto Workers union is resisting the proposed U.S./Mexico free-trade agreement. But Martin Josephi, head of VW in Mexico, points out: "If the American companies don't . . . shift to Mexico and get lower costs, they'll close the plants and lose the jobs anyway."

In one sense the Mexican plants may be saving some U.S. jobs. GM Chairman Stempel points to GM's Deltronicos *maquiladora*—foreign parts, Mexican assembly—plant in Matamoros, where 4,000 workers assemble 3 million car radios a year. This is no sweatshop operation. The plant is clean, air-conditioned and filled with electronic equipment, even a laser etcher. Its workers, mostly women in their early 20s, are better dressed at work than are people on the streets of Matamoros.

The plant's radios are shipped to the U.S. for installation in American-made GM cars and trucks. In a curious way, this low-wage plant helps preserve the jobs at GM's electronics complex in Kokomo, Ind., where 10,000 people work. "The high-tech in Kokomo is balanced with the manual work offshore," Stempel says. By investing in Mexico, he says, "we saved jobs rather than migrating jobs."

Rimir, another GM ***maquiladora*** at Matamoros, makes plastic bumper facias (fronts) and trim. A sister plant, in Anderson, Ind., makes similar parts. Rimir's low costs average down GM's total facia bill. "If I wasn't here our sister plant in Anderson wouldn't be here. We'd be out of the facia business," says Chuck Almquist, the plant manager. But Almquist makes another point. "Look, if we were just asking for cheap labor, we'd have all the plants in Haiti. GM likes to build where we sell. This is a $100 million investment. We're not talking about 15 sewing machines."

In the longer run wages will rise in Mexican automobile plants, but that will not end Mexico's advantage: There is still plenty of room to offset the cost increases with more investment in equipment. While a few Mexican auto plants, like Ford's Hermosillo plant, are state-of-the-art, most are years, decades, generations behind in technology. Cars are painted by hand with spray guns. Bumps and dings are filed down and polished with hand-held files and metal finishing discs. You hear the pounding of hammers on metal; there are greasy pits with men working beneath cars. Fits are measured on old-fashioned jigs. Henry Ford—the original Henry Ford—would have felt at home in the Nissan plant at Cuernavaca.

It helps that Mexican labor is highly motivated. Roberto Gutierrez, the swarthy manager of Chrysler's Toluca plant, manages 4,000 production workers. He tells FORBES: "I said we don't do what the Japanese or anybody else does. We do what Mexicans do. People say we don't like to work too much. You like siesta. You don't want to be active. 'Okay,' I tell my people, 'continue that way. But do the job right, the first time.'

"We are very proud to say that [our quality] is better than the U.S.," Gutierrez continues. "People always ask me how many robots I use to build cars. I say I have 4,000 robots."

"A man loses this $1.50-an-hour job, he goes to 25 cents an hour, or maybe nothing," says Chrysler de Mexico's president, Carlos Lobo. "He cannot afford to lose the best job he will ever have." Mexican unions, unlike their U.S. counterparts, let the companies run the factories.

The carmakers are anxiously awaiting the final drafting of the U.S./Mexico trade pact. While present-

Randy Taylor/Leo de Wys

Chrysler's plant at Toluca

"A man loses this $1.50-an-hour job, he goes to 25 cents or maybe nothing."

ing them with opportunities, the agreement has its pitfalls for them, too. A special auto side pact is under negotiation now.

It's too early to know what the agreement will provide. But it is clear that the five automakers in Mexico, having invested billions in Mexican industry at the demand of the Mexican government, want protection.

They don't want to see Toyotas and Hondas taking their profitable volume away with cars exported south from new nonunion plants in Kentucky and Ohio. Nor do they want to see "screwdriver plants" in Mexico, with Mexican workers putting Japanese vehicles together from Japanese parts and shipping them north duty free, as Mexican cars.

In a larger sense, both countries have a lot to gain from the continued development of the Mexican industry. The U.S. wants a prosperous, stable Mexico, and the automobile industry is a magnificent engine for raising unskilled workers into the middle class. It creates not only better-paying jobs but also a class of skilled workers and managers, and demand for roads, services, gas stations, drive-ins, repairs.

Perhaps most important, it creates mobility and enables people to look about for the best job, the best price, the best place to live. Yes, growth of the Mexican industry will cost U.S. autoworkers jobs, but these jobs may be doomed anyway. As David Hendrickson, manager of GM's Deltronics plant in Matamoros, puts it: "I'd rather see a job go to Mexico than to Taiwan." ■

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Annual Fund Survey

Patrick McDonnell

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Do you spend too much time doing your tax returns? Would you have trouble identifying all your financial assets? Have you tended to lose money in stocks even in bull markets? Cure for these ailments: Buy mutual funds.

Using funds to unclutter your financial life

By William Baldwin

YOU MAY BE suffering from financial clutter. Among the symptoms of this disease: You have IRAs at different banks, maturing at different times. You have some inherited stock but have no idea what your tax basis is for the shares and aren't sure whether some of the certificates are missing. Your family has an assortment of U.S. Savings Bonds in odd amounts. Your taxes are a mess.

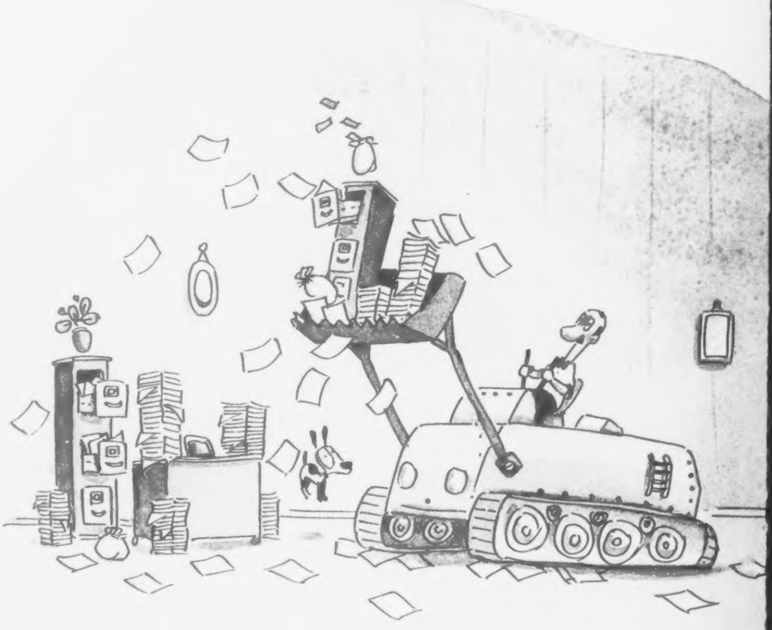
A lot of Americans suffer from clutter in their financial lives. Suffer needlessly, because a cure is at hand: funds. You can construct a well-diversified, excellently managed portfolio out of half a dozen mutual funds. Do it right, and you will shrink your pile of 1099 tax information returns to a simple few. Your stock funds will spare you running to the bank with $27 dividend checks. Your fixed-income funds will give you the higher returns offered on long-term bank CDs with all the liquidity of short-term bank accounts. You will get tax benefits: No-load mutual funds are an excellent vehicle for tax swaps.

Financial planners know clutteritis all too well because it often takes them months to cure a severe case. The typical patient has CDs at various banks because they are government-guaranteed and because the bricks and mortar seem so much more secure than a fund at the other end of an 800 line. "We jokingly say that you put everything in a shoebox," says Steven Enright, a planner in River Vale, N.J. "But often it wouldn't fit. You'd need a crate."

Enright describes one of his clients, a doctor: "He's approaching 60, with a portfolio valued in the millions. There were 26 individual accounts at brokers and mutual funds and banks, and 4 different checking accounts, exclusive of the practice. Plus he had real estate all over the place. There was no rhyme or reason. A broker would call and the doctor would say, 'Good idea. I'll buy some.' "

"I had a client who had so many different IRAs he had forgotten how many he had and where he had them," says Stephen Gorman, a planner with the Boston office of BDO Seidman Financial Services. "He also had a large chunk in a rollover account, $250,000. That was sitting in a bank money fund for a year. Because of the clutter he was forced to spend a lot of time on the little pieces and he wasn't investing the big piece."

Why do people do this to themselves? Part of it is being sold. Says Kurt Brouwer of Brouwer & Janachowski, a San Francisco financial adviser: "We had one guy with 30 cash-value life insurance policies. He had a hard time saying no." To this we say: Don't get sold; buy. Buy only the insurance you need, and don't make it your prime repository for savings.



(Variable annuities can be an exception to this rule, but they are really more mutual funds than insurance; see the article on page 194.)

To alleviate or even cure your clutteritis, put your savings into funds, preferably those with little or no sales loads. You are almost always better off selecting no-load funds either on your own or with the help of a fee-paid planner than through a broker who will collect a commission on the sale. Focused fund investments will simplify your life: All the information you need for tax purposes will be neatly provided for you by the fund; all you have to do is file it carefully away.

This issue of FORBES is designed to help you make your own investment decisions through the simplifying medium of mutual funds. The honor roll on page 160 lists 20 stock funds that have delivered consistent performance over the past decade. There are also 10 lists of Best Buys in fixed-income, international and small-company categories. These funds have above-average performance and low costs as well. The Best Buy money funds are simply the lowest cost ones.

Here's another reason people go into retirement with a tangle of bank accounts and stock and bond certificates stashed here and there: fear of loss. You could call it the squirrel reflex. They bury a nut under this tree, another under that one, thinking that no catastrophe can wipe them out.

But people who clutter up their lives for this reason often accomplish little true diversification, while saddling themselves with huge risks that they scarcely see. Enright recalls a client with $1 million from rolling over a company thrift plan. This executive had parked the money in 12 bank CDs. Of course he was trying to take advantage of the $100,000-per-account government insurance—unaware, no doubt, that he could have accomplished the same effect with a single purchase of U.S. Treasury notes. The bigger mistake was this: Preoccupied with credit losses, he didn't think very clearly about another risk—inflation. If you leave your money in fixed-income investments and spend the interest, it takes only 23 years of 5% inflation to wipe out two-thirds of the purchasing power of your principal. A safer investment for this saver would have been a $1 million balanced fund. Read the story on page 204.

Here's another risk that people don't think about: the risk that they or their heirs will lose track of assets. People move and forget to tell transfer agents where to send their dividend checks. They die, having forgotten to tell relatives about the certificates left in the bottom drawer. Exxon says that it can't locate 6,000 of its 625,000 shareholders. If they don't put in claims in time, the uncashed dividend checks and the shares will be handed over to a state treasurer.

Some people have dozens of financial relationships out of a misguided notion about economizing. Says Joel Isaacson, partner in charge of financial planning at CPAs Weber Lipshie in New York: "I've seen people buy one share of 30 stocks to participate in the dividend reinvestment plan. They think they're a genius for saving a commission." Then they sell some shares and spend two days figuring out what their tax basis is.

Ironically enough, much financial clutter, and its painful effects on tax preparers' bills, can be traced to tax aversion. This character trait has driven many an investor into tax shelters, sometimes dozens of them. Shelters are distinguished for their thin payouts and fat K-1 forms that have to be tracked down and sent to tax accountants in April. How much better off buyers would have been putting the same money into no-load municipal bond funds.

The shelter industry is in abeyance now, but it will surely resurface someday, perhaps in a different guise (such as a complicated insurance product). Avoid the temptation to invest in a complicated tax shelter. If you want the thrill of saving on taxes, do it with funds. Money market funds that buy primarily U.S. government paper are often exempt from state tax, as explained on page 292. Funds that buy state and local bonds are exempt from federal tax on the dividends; a table of Best Buys in municipal bond funds appears on page 164. And if you divide your fund accounts between two no-load families, you will be able to turn paper losses into tax losses, via the tax swap.

Here's how a swap works. Suppose you put $50,000 into a Vanguard municipal bond fund, interest rates spike up, and your fund's shares drop in value to $47,000. Sell, to realize a deductible $3,000 loss. Immediately buy $47,000 worth of a similar fund in, say, the Fidelity family. You remain fully invested, and don't miss out if the bonds rally. But, since the funds are not identical, you don't fall into a "wash sale" tax trap that would disqualify the deduction.

Of course, funds are useful for things other than just curing clutteritis. They do wonders for cases of congenital underperformance. Sufferers from this disease have done some trading in stocks, but find themselves buying the wrong ones at the right time and the right ones at the wrong time. They can't seem to make much money even in bull markets. A well-managed mutual fund ought at least to keep up with the market, and the management fees will cost you a lot less than brokerage commissions from constant, futile trading.

But don't let your portfolio of funds get too cluttered. It is an unusual investor who really needs more than half a dozen funds to build a well-diversified portfolio. If your chosen funds are from more than two families, consider consolidating them in a discount brokerage account. Charles Schwab, for instance, offers this service. Cut the paperwork. Spend your free time on the beach. Or working to improve your job performance. ■

This list of the best-performing stock funds is not a mere ranking of straight-line performance. To make the honor roll a fund must demonstrate consistency of results and strength in bear markets.

The honor roll

By Steve Kichen

THE SIMPLEST WAY to rate funds is by percentage gains over some past period. That's what most mutual fund surveys do. Simple, sure, but more than a little deceptive. The implication is that if a fund was up 15% a year in the past, it's likely to do 15% a year in the future. That implication is wrong. It's a little like saying that the most likely winner of the 1991 World Series will be the Cincinnati Reds, since they won last year. That catchphrase of fund prospectuses, "Past performance is no guarantee of future results," is an understatement. Past performance is only a weak indicator of future results. You can usually bet that this year's hot performer will be next year's laggard.

What, then, should you look for in judging a fund's performance if not a raw percentage? Our honor roll looks at three other factors: consistency, risk and continuity.

Consistency is built into the grades we award stock funds. We divide the measurement period into three market cycles so we can evaluate a fund separately in bull and bear markets. Stock funds are rated in the table beginning on page 211 for performance over as few as two market cycles, but the honor roll is limited to funds that have been around for the full three. The grading formula calls for something more than a simple average of returns over the three ups or the three downs. Unusually strong (or weak) performance in any given period is scaled back (or up), because it is unlikely to be repeated. Gold funds in the late 1970s, technology funds in 1982-83 and, recently, health care funds—all have had winning streaks. In our rating system those streaks count for less than they would in any system that measures straight-line performance over

Fund/distributor	Performance		Lead manager (years)	Average annual total return[1]	Hypothetical investment results[2]
	UP markets	DOWN markets			
Bergstrom Capital/closed-end	A	A	Erik E Bergstrom (15)	19.2%	$51,258
Dodge & Cox Stock Fund/Dodge & Cox	A	B	Multiple managers (10)[7]	15.1	34,457
Fidelity Destiny Portfolio I/Fidelity Distributors	A+	B	George Vanderheiden (11)	18.3	36,841
Franklin Growth Fund/Franklin Distributors	B	B	Jerry Palmieri (26)	14.7	37,320
Fundamental Investors/American Funds Group	A	B	Multiple managers (7)[7]	15.6	33,154
Guardian Park Ave Fund/Guardian Investor Services	A	B	Charles Albers (19)	15.7	31,809
IAI Regional Fund/IAI Funds	A	B	Julian P Carlin (11)	16.0	35,024
Investment Co of America/American Funds Group	B	B	Multiple managers (8)[7]	15.9	32,526
Lindner Fund/Lindner Management	D	A+	Robert A Lange, Eric E Ryback (10)	16.8	37,458
Mutual Benefit Fund/Mutual Benefit Financial Service Co	A	B	Multiple managers (7)[7]	15.9	34,367
New England Growth Fund/TNE Fund Group	A	B	G Kenneth Heebner (15)	18.0	41,307
Nicholas Fund/Nicholas Co	B	A	Albert O Nicholas (22)	16.2	39,780
Phoenix Growth Fund/Phoenix Equity Planning	A	A	Robert Chesek (11)	18.3	42,236
T Rowe Price International Stock Fund/T Rowe Price Associates	B[9]	B[9]	Martin G Wade (11)	20.4[10]	33,503[10]
Scudder International Fund/Scudder Investor Services	C[9]	B[9]	Nicholas Bratt (7)	20.4[10]	32,208[10]
Selected American Shares/Kemper Securities Group	C	A	Donald A Yacktman (8)	15.5	34,334
Shearson Appreciation Fund[11]/Shearson Lehman Brothers	B	B	Harold L Williamson Jr, Harry D Cohen (9)[7]	15.0	36,152
Source Capital/closed-end	D	A+	George Michaelis (13)	15.6	32,037
United Income Fund/Waddell & Reed	A	A	Russell E Thompson (12)	17.7	36,247
Washington Mutual Investors/American Funds Group	B	A	Multiple managers (8)[7]	16.9	36,424

[1] From 11/30/80 through 6/30/91, before deducting loads and taxes. [2] Value on 6/30/91 of $10,000 invested 11/30/80, after load and taxes, for hypothetical upper-income investor. Assumptions: Investor has $100,000 of gross income in constant 1984 dollars, deductions equal to 20% of income—15% after 1986—and four exemptions. Loads applied at 6/30/91 rate. [3] Average of price/earnings ratios for stocks in portfolio as of 3/31/91, weighted by size of holding. Source: CDA Investment Technologies. [4] Lesser of security sales or purchases, divided by average net assets. [5] Most funds have lower minimum requirements for IRAs and automatic savings plans. [6] Closed-end funds have no loads, but hypothetical results column assumes a 1% brokerage fee to buy shares. [7] Average tenure of managers, with ten years maximum credit for each. [8] Operates as a contractual plan, requiring monthly investment, with a decreasing load for larger investment

five or ten years. Further reinforcing that consistency requirement, we exclude sector funds, which can do well by dumb luck—if their sector is hot.

To sum up: We don't dish up raw numbers. We mix in a substantial element of judgment.

Next, we rate risk. The honor roll is limited to funds that earn B or better in bear markets. There is no minimum for up-market grades. Lindner Fund, for example, gets an up-market D but a down-market A+. Why so much focus on bear market performance? It's a way of excluding funds that did well in the 1980s not so much from skillful stock picking as from taking aggressive or leveraged positions. Remember that the 10½-year measurement period has been a freakishly good one, in which the S&P 500 returned an average 14.2% a year. The emphasis on bear market grades makes up for the fact that the 1990s are likely to bring longer or more severe bear markets than we experienced in the recent past.

Finally, we rank funds on continuity. We limit the honor roll to funds whose managers have served in that position for at least seven years. Last year that rule forced us to drop Fidelity Magellan, which had been on eight previous honor rolls. Morris Smith has done a fine job at Magellan since taking over from Peter Lynch last year. Over the 12 months ended June 30 Magellan had a total return of 9.7%—better than the 6% return for the average stock fund in this survey. But this snapshot doesn't tell us how well Smith could guide the fund in a bear market. It doesn't give him a chance to prove any consistency of performance. In contrast, the Mutual Benefit Fund qualifies by dint of the long-tenured talent on its stock picking committee—never mind that its insurance company sponsor has been seized by New Jersey regulators.

A lot of funds have been around for three full market cycles, do better than the pack in bear markets and have had the same management for at least seven years. Out of this group we select the 20 best in long-term performance. Those results, labeled "Hypothetical investment results" below, measure what a $10,000 investment would have turned into over the three market cycles, after deductions for taxes and sales load. One more requirement: The fund must be open to new customers. That rules out the Vanguard Windsor Fund, CGM Capital Development Fund and two Mutual Series funds.

Getting on the Forbes honor roll is tough. The rules are demanding. Stock funds that don't meet these criteria, and fixed-income funds in various categories, still have a shot at the Best Buy rankings, where low cost counts heavily in the score. See pages 162, 164, 174, 198, 204, 292 and 293.

Net assets ($mil)	Maximum load	Annual expenses per $100	Weighted average P/E[3]	% of assets in cash	Portfolio turnover[4]	Minimum initial investment[5]	Fund (consecutive years on honor roll)
$89	NA[6]	$0.99	25	8%	10%	NA	**Bergstrom Capital (8)**
239	none	0.65	15	4	7	$2,500	**Dodge & Cox Stock Fund (2)**
2,024	NA[8]	0.44	17	0	71	NA	**Fidelity Destiny Portfolio I (9)**
275	4.00%	0.73	18	27	6	100	**Franklin Growth Fund (3)**
965	5.75	*0.70*	20	16	12	250	**Fundamental Investors**
259	4.50	0.67	15	8	47	1,000	**Guardian Park Ave Fund (4)**
325	none	*1.01*	22	23	169	5,000	**IAI Regional Fund (3)**
7,643	5.75	*0.55*	17	19	11	250	**Investment Co of America (2)**
783	none	0.83	16	13	13	2,000	**Lindner Fund (3)**
42	4.75	1.01	14	16	6	250	**Mutual Benefit Fund (3)**
734	6.50	*1.23*	27	0	185	1,000	**New England Growth Fund (7)**
1,715	none	0.81	16	9	22	500	**Nicholas Fund (10)**
977	4.75	*1.08*	23	22	275	500	**Phoenix Growth Fund (3)**
1,291	none	1.12	17	9	47	2,500	**T Rowe Price International Stock (2)**
899	none	1.17	22	9	70	1,000	**Scudder International Fund**
557	none	*1.10*	19	10	48	1,000	**Selected American Shares (3)**
1,410	5.00	0.84	18	11	30	500	**Shearson Appreciation Fund (6)**
304	NA[6]	0.97	17	20	43	NA	**Source Capital (3)**
1,894	8.50	0.67	16	4	31	500	**United Income Fund (3)**
6,792	5.75	*0.77*	16	4	11	250	**Washington Mutual Investors (2)**

contracts. Hypothetical investment result assumes a single investment of $10,000 on 11/30/80, with a simulated load of 12.4%. This load reflects both sales and account maintenance charges. [9] Grades for foreign funds depend on long-term performance against other foreign funds. [10] Average annual total return covers period from 9/30/82 to 6/30/91, the time span used to measure the performance of foreign stock funds. Hypothetical return is measured over the same period as domestic stock funds. [11] Formerly SLH Appreciation Fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* NA: Not available or not applicable.

Best Buys

The honor roll on page 160 focuses on performance. Our Best Buys selections here and on page 164 also look at performance but give equal weighting to price. By price we mean the money taken out of your pot by the fund's sponsor, either in a one-time sales load (which we assume is spread over five years) or in the annual expense ratio. Funds are scored on each factor, and the scores are added to give a combined rank; funds are listed in the Best Buys tables in descending order of this rank. Funds are penalized in the price calculation for temporary absorption of expenses and in the performance calculation for volatility. The Best Buys money funds, pages 292 and 293, are selected solely by expense ratio.

Taxable bond funds

How do you find a good bond fund? First decide how far out on the yield curve you want to stick your neck. Short-term funds will be damaged the least if interest rates rise; long-term funds will do better if rates stay constant or fall. Ginnie Mae funds are somewhere in between in their sensitivity to interest rate fluctuations. Next, look at price and performance. In these rankings, the two elements are given equal weight. (Note that only one load fund makes the list.) The Best Buys ranking of junk bond funds appears on page 174.

Fund/distributor	5-year total return annualized	Risk level	Manager (years)	Annual expenses per $100	Maximum sales charge	Assets 6/30/91 ($mil)
Short-term						
Vanguard Fixed Income–Short-Term/Vanguard	8.3%	very low	Ian MacKinnon (9)	$0.31	none	$1,143
Federated Short-Intermediate Govt/Federated	7.7	very low	Roger A Early (4)	0.48	none	1,220
Federated Intermediate Government/Federated	7.9	low	Roger A Early (4)	0.51	none	740
T Rowe Price Short-Term Bond Fund/Price	7.1	very low	Edward A Taber III (7)	0.93	none	217
Long-term						
Federated Income Trust/Federated	9.1	low	Gary J Madich (4)	0.50	none	987
USAA Mutual–Income Fund/USAA	9.8	high	John W Saunders Jr (6)	0.46	none	656
Value Line US Government Securities/Value Line	8.8	low	Not disclosed	0.66	none	311
Transamerica Income Shares/closed-end	10.2	high	Multiple managers (10)[1]	0.69	none	122
Montgomery Street Income Securities/closed-end	8.7	average	Steve Wohler (4)	0.68	none	149
Columbia Fixed Income Securities/Columbia	8.7	average	Multiple managers (8)[1]	0.68	none	164
Ginnie Mae						
Federated GNMA Trust/Federated	9.7	high	Gary J Madich (4)	0.52	none	1,288
Vanguard Fixed Income–GNMA/Vanguard	9.6	high	Paul Sullivan (11)	0.34	none	3,564
Benham GNMA Income/Benham	9.5	high	Randall Merk (4)	0.72	none	495
Franklin US Government Securities Fund/Franklin	9.5	low	Jack Lemein (7)	0.52	4.00%	11,810
AARP Income Trust–GNMA & US Treasury/Scudder	8.4	low	David Glenn (6)	0.79	none	2,942
Fidelity Ginnie Mae/Fidelity	8.8	average	James R Wolfson (3)	0.80	none	776

[1] Average tenure of managers, with ten years maximum credit for each.

Municipal bond funds

The Vanguard Group, which prides itself on low expenses and an absence of loads, dominates the rankings of national municipal bond funds. Residents of high-tax states are often better off with a portfolio of local muni bonds; we show the top-ranked Best Buy in each of eight important states.

Fund/distributor	5-year total return annualized	Risk level	Manager (years)	Annual expenses per $100	Maximum sales charge	Assets 6/30/91 ($mil)
National						
Vanguard Muni Bond–Intermediate/Vanguard	8.4%	average	Ian MacKinnon (10)	$0.26	none	$1,766
Vanguard Muni Bond–High Yield/Vanguard	8.7	very high	Ian MacKinnon (10)	0.26	none	1,117
Vanguard Muni Bond–Insured Long-Term/Vanguard	8.5	high	Ian MacKinnon (7)	0.26	none	1,437
Safeco Municipal Bond Fund/Safeco	9.1	high	Stephen Bauer (10)	0.56	none	357
Fidelity Tax-Free–Aggressive/Fidelity	8.8	average	Anne Punzak (6)	0.66	none	584
Vanguard Muni Bond–Long-Term/Vanguard	8.6	very high	Ian MacKinnon (10)	0.26	none	754

One-state

Fund	3-year total return annualized	Yield[1] (%)	Manager (years)	Fund	3-year total return annualized	Yield (%)	Manager (years)
Vanguard Calif Tax-Free–Insured L-T	8.9%	6.1%	Ian MacKinnon (5)	Franklin Minn Insured Tax-Free Inc	8.7%	6.6%	Donald S Duerson (5)
Spartan Connecticut Muni–High Yield	8.5	6.4	Peter Allegrini (3)	Vanguard NJ Tax Free–Insured L-T	9.2	6.2	Ian MacKinnon (3)
Fidelity Mass Tax-Free–High Yield	9.1	7.0	Guy E Wickwire (3)	Fidelity NY Tax-Free–High Yield	8.5	6.7	Gary Swayze (3)
Fidelity Michigan Tax-Free High Yield	8.6	6.9	Peter Allegrini (3)	Vanguard Penn Tax-Free–Insured L-T	9.1	6.3	Ian MacKinnon (5)

International stock funds

Funds that buy stocks overseas are divided into two groups: global funds, which mix U.S. and foreign securities; and foreign funds, which put all or almost all of their portfolios in foreign stocks. Both kinds of funds benefit from a weakness in the dollar on currency markets.

Fund/distributor	5-year total return annualized	Risk level	Manager (years)	Annual expenses per $100	Maximum sales charge	Assets 6/30/91 ($mil)
Global						
Vanguard World–US Growth/Vanguard	11.7%	average	J Parker Hall (4)	$0.66	none	$651
Pax World Fund/Pax World	10.3	low	Anthony S Brown (20)	*1.17*	none	179
Vanguard World–International Growth/Vanguard	10.7	average	Richard R Foulkes (10)	0.77	none	825
USAA Investment–Cornerstone Fund/USAA	10.6	low	Multiple managers (7)[2]	1.18	none	573
Foreign						
Vanguard Trustees Commingled–Intl/Vanguard	13.5	low	Dean LeBaron (7)	0.44	none	843
Vanguard Special–Gold & Prec Metals/Vanguard	13.4	high	David J Hutchins (6)	0.42	none§	175
Mexico Fund/closed-end	53.5	very high	Jose Luis Gomez Pimienta (10)	1.45	none	464
T Rowe Price International Stock Fund/Price	12.4	low	Martin G Wade (11)	1.12	none	1,291

[1] Total investment income dividends over the past 12 months, divided by June 30 net asset value. [2] Average tenure of managers, with ten years maximum credit for each. §Distributor may impose redemption fee, which proceeds revert to the fund. *Italicized expense indicates 12b-1.*

A conservative fund, Franklin Utilities doesn't do well when stocks rise. But it has done stunningly well over the long pull.

Sector funds: utilities

By Eric Hardy

IN THE OLD DAYS utility stocks were, like bank stocks, high-yielding yet safe. Today utilities are still just like banks: high-yielding and hazardous. With Public Service Co. of New Hampshire and now Columbia Gas trooping into bankruptcy court, any illusion of security in this sector is gone. Those lush dividends can be cut and stock prices can fall—witness Columbia's collapse from 40 to 14.

But if utilities are going to be risky, at least they can be rewarding. Thus it is that the Franklin Utilities Fund has delivered an average total return of 16% per year during the last three market cycles (Nov. 30, 1980 to date), almost two points ahead of the S&P 500 index.

Established in 1948, Franklin Utilities is the oldest fund in this sector. It is also one of the more conservative. Gregory Johnson, manager of the fund with his father, Charles (the Johnson family controls the fund's publicly traded distributor, Franklin Resources), avoids turnaround candidates like Columbia at one extreme and the high price/earnings telephone utilities at the other. The Johnsons prefer electric utilities, which make up 84% of their fund. And when they find something they like, they hold on to it. A flood of new money helped the Johnsons keep portfolio turnover of the $1 billion fund to only 2% last year.

One favorite: Pacific Gas & Electric, which, says Johnson, operates in "one of the best growth regions of the country," California's Bay Area. PG&E's 6.2% yield is slightly below the industry average. Cost overruns at the Diablo Canyon nuclear plant forced the company to cut the dividend in 1988. The project completed, PG&E is poised to raise its dividend quickly, says Gregory Johnson.

The Johnsons also like Philadelphia Electric, although Philadelphia is not a prime growth region. Philadelphia Electric is probably best remembered as the company whose employees were caught napping while they were supposed to be running a nuclear power plant; it has also had to contend with a much smaller than requested rate increase to pay for its Limerick 2 nuclear plant. But the firm, says Johnson, "has put its nuclear problems behind it." For this year *Value Line* predicts $4.10 in cash flow (net income plus depreciation), against only $2.60 in capital expenditures. Johnson expects the company to increase its dividend at a faster rate than the industry average.

Where have the Johnsons gone wrong? In believing utility executives who said they could diversify effectively. "We held on to Pinnacle West [an Arizona electric that bought a savings and loan in 1986] too long," Gregory Johnson says. "We didn't sell even after we lost faith in management because this diversification sounded like such a good deal." Having learned his lesson, he now shuns utilities that wander far from their core businesses, such as Pacific [illegible]prises, a gas company that we[illegible] drug retailing. He dumpe[illegible] Group, the Florida electric company, after it diversified; the company is back on Johnson's buy list after having agreed to sell its Colonial Penn insurance subsidiary. He has never owned Cincinnati Bell, in part because of its $5 million investment in equipment manufacturer AT&E Corp., which went bankrupt in July.

The Johnsons' approach creates a portfolio with an unusually high yield of 7.2%, second only to that of Duff & Phelps Utilities Income among the utility sector funds. Over the past decade that yield, reinvested and compounded, has contributed importantly to total return and stability—enough so that Franklin Utilities would be on the Forbes honor roll *(page 160)* if sector funds were allowed. But in the post-1987 stock market rally, its tilt to higher-yielding, slower-growing stocks has hurt the fund. Since mid-1988 Franklin Utilities has averaged a 10% total annual return, versus 16% for Fidelity Select Utilities. In sharp contrast to the Franklin fund, the Fidelity fund buys a lot of telephone utilities. A weak stock market, however, would probably give the tortoise a chance to catch up with the hare. Franklin Utilities rates an A+ in down markets.

Utility funds

Fund	Total return 5-year —annualized—	Total return 3-year —annualized—	Maximum sales charge	Annual expenses per $100	Yield (%)
Prudential Utility Fund	10.1%	13.6%	5.25%	*$0.97*	5.2%
Fidelity Select–Utilities	9.4	15.5	3.00	1.65	2.8
ABT Utility Income Fund	8.5	10.8	4.75	*1.25*	5.6
Franklin Utilities Fund	7.7	10.3	4.00	0.60	7.2
Fidelity Select–Electric Utilities	5.8	11.9	3.00	2.27	3.8

Italicized expense indicates 12b-1.

More than a dozen utility sector funds are now available. But only five have been around for at least five years.

Investors panicked out of junk bond funds last fall. Now, with prices much higher, they're crowding back in.

Junk gets hot

By Laura Jereski

YOU COULD MAKE a nifty contrarian indicator out of mutual fund sales. In the spring of 1987, just before the stock market crashed, the public bought stock funds heavily; after the crash, investors were net sellers. Buy high, sell low.

They're doing it again, this time with junk bond funds, the ones that specialize in bonds that are, at best, of less than top quality and, at worst, shaky. Last year investors piled out of such funds, with net redemptions of $1.5 billion. As the panic mounted, the market for junk bonds turned up. Price gains, coupled with the oversize interest yields that define this security, fueled a 21% total return for the junk market in the first half of this year.

And now what are fund customers doing? Buying, of course. Junk funds' cash inflow in July alone was at a record-breaking $650 million, estimates Salomon's junk bond research director, Joseph Bencivenga.

This does not prove that we are near a top for junk bonds. It is simply an early warning in a market that could have a ways further to go. It is especially a warning to timers who switch in and out of funds. If they sold junk last fall and are buying it now, they are already losers.

The attraction of junk bonds is this: Even though yields have fallen substantially since the beginning of the year, they still offer yields averaging close to 14% as of Aug. 9, six percentage points above Treasury notes. (The number comes from the Merrill Lynch high-yield master index, which covers 638 issues ranging in quality from BB down to C.) Thus a junk bond portfolio could suffer considerable erosion from defaults and threatened defaults, and still beat a portfolio of government paper.

There are, meanwhile, three reasons junk bonds ought to be worth more now than a year ago. First, holders have, by fighting in bankruptcy court and haggling outside it, wrested better terms than they used to have from junk issuers. This is a change from 1990, when organizers of leveraged buyouts were cavalierly offering to buy in their own debt at as little as 40 cents on the dollar while giving up little equity. No more: Last month leverage artist William Farley agreed to forfeit 95% of West Point-Pepperell to debtholders.

Also brightening the picture for junkholders: A spate of equity infusions earlier this year bolstered many credits, including Duracell, RJR Nabisco and AnnTaylor. Finally, there is some evidence that insurance companies and thrifts have finished the worst of their dumping.

But if the risk in junk bonds has lessened somewhat, declining yields have made them less attractive. A lot of recent buyers are telephone switchers coming in from low-yielding money market funds and equity funds. Such buyers could pull out as quickly as they moved in. Indeed, switchers poured $150 million into Fidelity's two junk funds—the $200 million Spartan High Income and the $1 billion Fidelity Capital & Income—since May. "This is hot money," worries Neal Litvack, vice president of marketing at Fidelity Investments. "It is just as likely to flow out when the market hits a bump." To discourage switchers, Capital & Income charges a 1.5% exit fee to holders who stay less than a year.

Of course, with $230 billion worth of junk outstanding, it's unlikely that redemptions from junk bond funds could crash the market. Still, it's no time to throw caution to the winds. If you want to enjoy the relatively high yields still offered by junk bond funds, take a hard look at what funds are buying—and what they are paying. Don't get greedy: You can get 12.7% in a junk bond fund like Vanguard Fixed Income-High Yield that invests fairly conservatively.

Don't, for example, rush to the funds with the highest yields. Dean Witter High Yield was the top-performing junk fund of the first half of this year, with a total return (price

Best Buys: junk bond funds

Fund	5-year total return annualized	Risk level	Manager (years)	Annual expenses per $100	Max sales charge
Merrill Lynch Corp–High Inc-A	8.7%	low	Vincent Lathbury (9)	$0.69	4.00%
Vanguard Fixed Inc–High Yield	6.5	low	Earl McEvoy (7)	0.40	none
Federated High Yield Trust	7.0	average	Mark E Durbiano (4)	0.78p	none
Kemper High Yield Fund	8.2	high	Multiple managers (7)[1]	0.88	4.50
Fidelity Capital & Income Fund	5.5	very low	Multiple managers (1)[1]	0.81	none§
T Rowe Price High Yield Fund	5.4	low	Richard S Swingle (7)	1.03	none

[1] Average tenure of managers, with ten years maximum credit for each. §Distributor may impose redemption fee, which proceeds revert to the fund. p: Net of absorption of expenses by fund sponsor.

These high-yield funds are listed in descending order on a scoring system that rewards good performance over five years, low annual expenses and low or no sales loads.

change plus income) of 44%, according to Lipper Analytical Services. It currently pays 18.4%, much higher than Vanguard's fund. But Dean Witter High Yield has 19% of its assets in zeros, which pay no cash interest and are highly volatile. Note that despite its stunning 1991 gain, the Dean Witter fund has, among open-end bond funds, the worst record over the past five years, with an average annual loss of 2.7% a year.

If the current economic pickup loses steam, some of the riskier issues will be in trouble, especially those that have shown the greatest gains. The 14% senior subordinated notes, maturing in 1998, of Cullum Cos., a Dallas-based supermarket chain whose operating income over the last 12 months ran a thin 1.3 times interest, leaped nearly five points in a week, closing near par. Playtex Family Products zeros of 1997 went from the low 60s two months ago to a recent 70¾, close to their accreted value. (The accreted value is the original issue price with compound interest to date added in. It is comparable to par value in a coupon bond.) Yet Playtex is barely able to cover interest from its operating income.

Even riskier junk issues like American Standard's 0/14¼%s of 2003 or Charter Medical's 0/13%s of 1998 have jumped so that they currently yield 18% to maturity, versus the 30% and 40%, respectively, that they yielded in January. Bonds of sickly Burlington Industries stay stubbornly as much as 20 points above the prices the company is offering to pay to buy them back, which range from 12 cents on the dollar for the most junior debt to 55 cents for the most senior. This while the textile industry has yet to turn around and Burlington has been forced to sell its auto textile business.

In short, there is quality junk and speculative junk. And it takes whole teams of lawyers and accountants to tell them apart. So don't venture into this market except through a mutual fund. And remember, you're not getting in at the bottom.

Our Best Buys ranking *(p. 174)* rates junk bond funds on a scale that gives equal weight to risk-adjusted performance and low cost. A listing of all junk funds with at least $100 million in assets begins on page 278. ■

Why are equity mutual funds managed by big brokerage firms usually poor performers?

House brands

By Gretchen Morgenson

OF THE 41 domestic equity funds managed by Merrill Lynch, Shearson, PaineWebber, Dean Witter and Prudential Securities, only 2 have beaten the market since 1988. Over the period, not one of these five brokerage firm families outperformed the S&P 500 *(see tables)*.

Patrick McDonnell

Adding insult to this injurious performance: Brokerage firms consistently rank low on quality of service provided to fund customers. According to a 1990 survey by Jay Schabacker, editor of the newsletter *Mutual Fund Investing*, Shearson, Dean Witter, Prudential and PaineWebber received "below average" service ratings from 10,000 newsletter subscribers who were polled.

There was an exception: Merrill Lynch funds were spared investors' wrath in this survey.

Why can't most brokers do better? Expense ratios, averaging 1.6% a year on the big brokers' equity funds, make market-beating tough. Add in the effect of fund sales loads and portfolio-trading commissions, neither included in the expense average, and the customer has a very uphill battle. Especially so in funds managed by Shearson: In the past 12 months

How the big brokerages stack up

Firm	Brokers	Funds*	Assets ($mil)	Avg 3-yr relative performance
Shearson	8,600	13	$3,796	95
Prudential	6,000	9	4,403	96
Merrill Lynch	11,800	8	6,410	95
Dean Witter	7,000	7	5,335	96
PaineWebber	4,500	4	427	99

*Includes only domestic equity funds with three-year returns.
Source: FORBES database.

For all their high-priced talent, Wall Street firms' mutual funds had trouble keeping up. A relative performance of 96 means that a fund lagged four points per year behind the S&P 500.

Shearson's equity funds turned in the worst performance of the big brokerage fund groups. Over three years it ranks near the bottom with Merrill Lynch. One contributing factor: Shearson's average expense ratio of 1.9% is substantially higher than the 1.3% average for stock funds.

Brokers can sell more than just the funds created by their own firms. They can earn a commission from almost any load fund, including those offered by such independent fund vendors as the American Funds Group and Templeton Funds Distributors. But your broker will have a strong incentive to push the load funds offered by his own company. If he succeeds, the firm stands to take in not only the sales commission but also the ongoing management fees for running the portfolio and a piece of the brokerage commissions generated by the in-house funds.

Is there a conflict of interest involved in the management of mutual funds by large investment firms? All brokerage firms make an effort to keep their money management activities separate from their investment banking. But whether or not there is conflict of interest, suspicion remains.

Consider GenRad, a maker of computer-controlled testing equipment. At last count, Shearson's Small Capitalization Fund owned 130,000 shares of GenRad, its Fundamental Value Fund owned another 100,000, and its Aggressive Growth Fund owned 250,000. Having turned in its fifth loss in six years in 1990, the stock was recently skulking around 3¼. Shearson's affiliate Lehman Brothers has managed three underwritings of GenRad stock since 1980 at prices ranging from 42½ to 18½.

Stevens Graphics is a Fort Worth-based printing company. Shearson underwrote an offering of the company's shares in January 1990 at 16¼. Sales for the six months ending in June sank 47%, and recently the stock was at 6⅛. The Small Capitalization Fund owns 60,000 shares. In all, 15% of this fund is invested in companies for which Shearson managed or co-managed an underwriting.

How free to pick their own stocks are the fund managers at firms like Shearson? Are they bound by the judgments of the parent firm's research department? Shearson is a big fund player, with around $3.8 billion in its domestic equity portfolios, the most offered by any big brokerage. Jerome Miller, president of Shearson's asset management group, says his fund management operation is "100% independent" of the research department. The fact remains that Shearson analysts' recommendations are often found in Shearson funds.

Consider two holdings in Shearson's Small Capitalization Fund, which is down 14% for the past 12 months. The Nov. 30 portfolio listed 27,000 shares of Y&A Group, valued at 10¾, and 50,000 shares of America West Airlines, at 5⅝. These two stocks made up 2.6% of the portfolio. They have been a disaster for the fund.

Last year Edward Tirello, an analyst who recently left Shearson for Smith Barney, was banging the table advising Shearson customers to buy Y&A stock. The St. Louis engineering firm made news earlier this year when its chairman disappeared amidst charges of fraud. The stock collapsed and was delisted by Nasdaq in April.

As for America West Airlines, Shearson analyst Helane Becker recommended the stock in August 1989 at 9 and promoted it until last May, about a week before the airline filed for Chapter 11 bankruptcy. So persuasive was Becker that Shearson clients ended up owning a big chunk of America West stock. The stock was recently trading around 2¾. The small-cap fund's manager, Richard Freeman, defends his record, insisting that he makes his stock picks completely independent of Shearson's research department.

There's one winner in Shearson's stable: the Appreciation Fund. This 20-year-old fund, conservatively run by Harold Williamson Jr., 70, and Harry Cohen, 50, has been on the Forbes honor roll since 1986. Williamson and Cohen do their own research, preferring big companies with strong-balance sheets. Their low 30% turnover doesn't produce much in the way of commissions for the parent. Unlike other Shearson offerings, Williamson and Cohen's fund does not exact 12b-1 fees; its expense ratio is a very respectable 0.84%.

So there are good brokerage house funds and poor ones. But even if you are a satisfied customer of a given brokerage account, you would be wise to set your horizons beyond your broker's in-house funds. Your registered rep can do a lot of things for you, but with mutual funds you will be better off on your own with the help of the FORBES survey. ■

Not so hot

Distributor	Average equity perform[1]	Equity assets[2] ($bil)
Janus Capital	22.3%	$3.3
AIM Distributors	17.5	2.5
Twentieth Century Investors	14.9	8.3
IDS Financial Services	14.6	6.1
Fidelity Distributors Corp	13.2	35.0
Nicholas Co	13.1	2.3
Massachusetts Financial	12.8	4.4
American Funds Group	12.8	25.4
Putnam Financial Services	12.3	6.5
Prudential Securities	12.3	4.5
Dean Witter Reynolds	12.1	5.8
American Capital Marketing	12.0	4.2
Waddell & Reed	11.3	3.9
Neuberger & Berman	10.9	2.2
Scudder Investor Services	10.6	2.5
Dreyfus Service Corp	10.0	5.2
Shearson Lehman Brothers	9.8	3.8
T Rowe Price Associates	9.4	5.8
Merrill Lynch Funds Distrib	9.3	6.5
Oppenheimer Fund	9.1	3.5
Vanguard Group	8.7	17.0
Lord Abbett & Co	8.4	3.7
Delaware Distributors	8.2	2.4
Pioneer Group	7.9	6.2
Heine Securities	7.9	4.3
S&P 500	14.6	

[1] Weighted three-year compound return. [2] As of June 1991, domestic equity funds only.

No wonder index funds are getting popular: Only 3 of the 25 largest domestic stock fund groups beat the S&P 500 over the past three years. Compound annual returns are weighted by assets.

If you want European exposure and you like small-company stocks, USF&G's European Emerging Companies portfolio is intriguing.

Advice like the Rockefellers get

By Richard Phalon

THE European Emerging Companies Fund has done poorly of late. Hit by the ripple effects of the U.S. recession, softening currencies and political uncertainties, European small-company stocks have been put through the wringer. The stocks in the $26 million (net assets) fund's portfolio are cheap enough to warrant a serious look.

Launched by the Fort Washington, Pa.-based Over-the-Counter Securities Group in 1989, the fund started out as a real barn burner: up 26% in its first year of operation. Then came the U.S. intervention in Kuwait and the long slide in European markets that saw the EEC fund's net asset value drop 25% (to around $10 a share) from last summer through June of this year.

A certain cachet attaches to the fund, despite its volatility. It is the only publicly owned investment company advised by Rockefeller & Co., which runs more than $2 billion for some 200 very private clients, most of them descendants or institutional offshoots of John D.

The Rockefellers launched the EEC Fund after buying its original manager, the old OTC Review Management Corp. The latter was sold last year to USF&G Corp., the Baltimore-based insurance and financial services combine. The USF&G subsidiary distributes the shares of EEC and its stablemate, the America-oriented Over-the-Counter Securities Fund.

Rockefeller & Co. continues to run the EEC portfolio, but despite the magic of the family name, the fund right now is something of a hard sell, concedes Richard E. Smith III, chairman of USF&G Review Management Corp. But he notes that earnings multiples on many European small-cap stocks are a lot lower now than a year ago; that, he says, should make the fund a better buy.

Fund	Assets ($mil)	Total return 3-year annualized	Total return 12-mo	Maximum sales charge	Annual expenses per $100
GT Global Growth–Europe	$1,344	9.2%	–18.9%	4.75%	*$1.90*
Merrill Lynch EuroFund	556	10.0	–9.3	6.50	1.15
Dean Witter European Growth	289	NA	–14.1	5.00b	*2.41*
Fidelity Europe Fund	287	7.9	–18.9	3.00	1.36
T Rowe Price Intl EuroStock	91	NA	–15.0	none	1.75p
Financial Strategic–European	65	9.0	–12.5	none	1.29
Shearson Invest–European	28	8.7	–13.0	5.00b	*2.98*
European Emerging Cos	26	NA	–25.1	5.75	*2.25p*

b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. *Italicized expense indicates 12b-1.*

European funds look rather weak in recent performance. But maybe that's because European stocks have simply gotten too cheap and the dollar too dear—and that would make this sector a good buy now.

"It has always mystified me that stocks are the only assets that become less attractive the cheaper they get," says Smith. "It's not like cars. You cut prices, you can move cars, but not stocks."

Working in Smith's favor is the difficulty of buying these stocks individually. Combine unpredictable earnings patterns, shaky balance sheets, currency risks, differences in accounting practices and typically strung-out settlements on trades, and you've got a package that carries considerably more hazards than a U.S. o-t-c stock. A fund is often the only plausible way to buy into Europe.

Among the long-term rewards EEC and the other U.S.-owned Eurocentric funds look to *(see table)* are those that will prospectively flow from the elimination of U.K. and Continental tariff barriers next year.

As to risk, the Rockefeller & Co. managers are trying to reduce it partly through diversification. The portfolio has 77 stocks in 11 countries. Among them: Brau und Brunnen, a German brewer whose real estate portfolio alone is supposed to be worth more than the market value of the stock; Cristalleries Baccarat, the French crystalmaker, which sits on undervalued land holdings in Paris; Zodiac, with perhaps 30% of the world market in inflatable dinghies; and Iberica del Frio, a Spanish producer of supermarket refrigerator display units.

Smith argues that European small-cap stocks have been beaten up so badly in the last year that they are now much cheaper than American small caps. He cites cases like these: Intrum Justitia, a U.K.-based debt-collection and credit-management outfit, priced at $1.26 and 7.4 times expected earnings; and Cambridge Group, an Irish leasing and financial services company whose earnings are growing at better than 25% a year and whose stock, at 88 cents, is trading at about 6.6 times expected 1991 earnings. Risky? Smith does not disagree. "What we tell investors," he says, "is that they need perspective, patience and the financial ability to accept greater risk in search of substantial long-term rewards."

The fund charges a load that starts out as 5.75% but declines to zero for purchases over $1 million. ■

This low-risk commodity fund delivered a satisfactory 12% return. And what did the customers do? They deserted in droves.

Unrealistic expectations

By Suzanne L. Oliver

IN 1989 Paul Tudor Jones II, the controversial commodities trader, was hot. Over the four preceding calendar years he had delivered a 102% compound annual return (after fees) to his clients. So when Merrill Lynch and Jones got together to offer a commodity pool to the public, they stuck the Tudor name in its title and signed up over 7,000 investors. Tudor Prime Advisors Fund L.P. took in $87 million in its initial offering and began its trading on Mar. 1, 1989.

Alex Quesada/Matrix

Paul Tudor Jones II
His multi-adviser fund disappointed investors expecting 100% returns.

Results since then have not been so bad—a compound annual 12%. This is a quite satisfactory return, representing, as it does, performance net of the considerable trading costs built into a commodity fund like this one. The average public commodity fund, according to *Managed Account Reports* in New York City, has eked out a return of just 4.6% over the same period. Moreover, the Tudor fund delivered its gains with less volatility than that of the stock market and the typical commodity pool.

Yet mass redemptions have reduced the fund's assets to $46 million. The buyers were disillusioned. The performance was nothing like the 100% boasted about in the prospectus. Nor does it come close to the 48% annualized return over the past 28 months that Paul Tudor Jones, 36, has delivered on his now private Tudor Futures Fund, which is closed to new investors.

Tudor Prime's shareholders not only didn't get rich, they didn't get instant gratification. Returns were slow in coming. At the end of 1989 the fund's net asset value was unchanged at $100 a share. Despite penalties for early withdrawals, shareholders redeemed $18.6 million worth of shares that year. In March of 1990 the redemption charge dropped from 3% to 2%, and the fund suffered its largest monthly share redemptions.

It was a classic case of impatience leading to a bad investment decision. Those investors who pulled out did so at precisely the wrong time. As Iraq's invasion of Kuwait heated up the commodities markets, Tudor Prime Advisors picked up steam and delivered a 36% return by the end of 1990.

This year? Tudor Prime Advisors is being outpaced by the stock market, and more investors have headed for the exits. As of June 30 the fund's net asset value per share was down 3.5%, while the S&P 500 was up 14%. Investors have withdrawn another $8 million from Tudor Prime Advisors. Commodity investors, it seems, have fairly short attention spans. Much too short for their own good.

Why haven't Merrill Lynch's mostly small investors done as well as the big rollers in Jones' private fund, where the minimum investment was $25,000? Jones does not make all of Tudor Prime's trades. He manages only a portion of the money, farming out the rest to other trading advisers, eight initially. Therefore, Jones' Tudor Futures Fund makes much bigger, or more concentrated, bets than the Tudor Prime Advisors Fund, scoring bigger returns when Jones is right but losing more when he's wrong.

The trouble with the policy of splitting the money is that in the commodity business, next year's winners list won't bear any resemblance to this year's. Three studies have been made of public commodity funds by finance professors Edwin Elton and Martin Gruber of New York University and Joel Rentzler of City University of New York. The studies reported that public commodities funds' one-year or even three-year returns have next to no correlation with their future performance. Jones may be an exception to this rule—Tudor Futures Fund has been a winner in commodities for most of the past seven years—but he has had a hard time finding other advisers with similar skills.

All eight of the original trading advisers either have been fired or have resigned. One departed adviser is Jones' own Tudor Systems Corp., which followed a technical trading system developed by its then 28-year-old president, Peter Borish. The system had a mere month of performance history reported in the prospectus for the Tudor Prime Advisors. No matter. Jones allocated $9 million to Tudor Systems. But the unseasoned computer model proved too volatile, and Borish decided to withdraw Tudor Systems from the fund in 1990.

High costs certainly reduced performance, too. While Merrill Lynch didn't charge a sales commission to compensate brokers selling the fund, it earned hefty brokerage commissions for executing the fund's buy and sell orders. Merrill got 1.25% of assets per month to cover brokerage commissions and in turn paid Jones 40% of its commission take for his work hiring and firing subadvisers. The Merrill commission rate was cut last year to 1% a month. Still, that adds up to 11.3% a year. So far Merrill Lynch has collected $22 million in trading commissions, passing along $8 million to Jones.

But there is more: Commodity trading advisers get incentive fees; if an adviser is successful, he keeps 22% of his gains. Meanwhile other advisers could be losing money, and they chip in nothing. Thus, it is quite possible for the fund to be paying out big incentive fees at a time when the advisers as a group are just treading water. That's exactly what happened to Tudor Prime Advisors in the first quarter of this year. The fund as a whole was off 4.9%, before trading fees due to advisers, but still owed $240,598 to the advisers that were making money.

Chances are that a lot of the disappointed investors who first rushed in, then rushed out, hadn't thought about all these pitfalls. If they had, they might not have been turned off by 12%—which is pretty darn good, considering. ■

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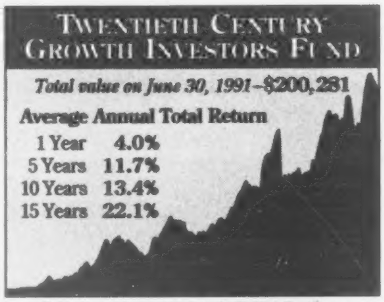

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Financial sector funds took a harsh beating the last few years. Philip Dubuque's Financial Services portfolio escaped that fate by stretching the definition a little.

Sitting this one out

By Roula Khalaf

IF YOU PUT YOUR MONEY in financial services in the last few years, chances are you're still licking your wounds. The 1987 market crash was just a warmup for the real estate crash that is killing so many banks, thrifts and now insurance companies.

But in a terrible market, some investors did much better than average, and one of them is Philip Dubuque, 29, manager of Invesco's Financial Strategic-Financial Services portfolio. Financial Strategic's performance was as feeble as the others on our list until Dubuque took over. Since then, he has proved that a sector fund doesn't have to behave like its sector.

Here's the score: According to Morningstar, the Chicago fund-rating company, financial services funds lost 16% on average in 1990, while Dubuque's was off only 7%. By contrast, Fidelity's financial services fund, which steadfastly hung on to stocks like Manufacturers Hanover, was down a devastating 24% last year.

In the first half of this year financial services funds were up an average 29%; Financial Strategic was up 34%.

Dubuque has managed the fund since March 1990 after working as a financial services analyst for four years with banks in St. Louis and Chicago. He worked out a novel approach to the industry: If you can't find sound companies in financial services, sneak out of the mainstream and into the fringes. As bank stocks bottomed in October of 1990, Dubuque's fund was only 17% in banks. The rest was in a vaguely financial melange ranging from computer software to health care management. It included: Keane, a custom software provider to hospitals and financial service companies; Equifax, which sells credit reports; Preferred Health Care, provider of mental health care management to insurers; Cash America Investments, a pawnshop operator; H&R Block; and Union Corp, a collection agency. When attractive candidates dried up, Dubuque simply held cash—up to 45% at one point last year. Thus were his investors spared in the 1990 massacre of bank stocks.

"These companies are not the pure ones, but they're financial companies in one way or another," asserts Dubuque. "If there's distress in the industry, there's always someone who's going to benefit. The collection companies, for example, did." Most of his "quasi-financial" stocks were either up or flat in 1990. Bank stocks were off an average 30%.

Last November, however, Dubuque decided that the badly beaten banks were finally due for a rebound, and started moving out of the computer and health care management stocks and back into banks. His favorites are NBD Bancorp in Detroit, a busy buyer of smaller banks; Pittsburgh's PNC Financial, in which Dubuque sees tremendous earnings momentum; and Cleveland's Ameritrust Corp., now in merger talks.

Dubuque also has a good portion of his fund in Fannie Mae, Freddie Mac and Sallie Mae. Says he: "They're monopolies or oligopolies, and therefore I don't see a whole lot of risk of margins deteriorating."

He is still cool to big New York banks. "The regionals are where the action is," he says. "We'll continue to see a lot more mergers and, more importantly, we're going to have a national interstate banking bill in the next three years. . . . Midwestern banks didn't have the excess loan growth. They tend to have better management, and they've already gone through somewhat of a recession on the industrial side."

All this switching, of course, has a price. Dubuque's turnover rate was a staggering 500% last year. "Bank and insurance stocks tend to move quickly," he says. "If I make good money, I don't mind moving on to something that has a better risk/reward." Feverish trading can hurt a fund, by running up transaction costs (brokerage fees and marketmakers' spreads). Dubuque, however, seems to have made up for these costs by trading his way around a lot of potholes. ■

Financial services funds

Fund	Manager (years)	Assets ($mil)	5-year return (annualized)	Maximum sales charge	Annual expenses per $100
Financial Strategic-Financial Svcs	Philip Dubuque (1)	$41	10.1%	none	$1.28
Freedom Inv-Regional Bank	James Schmidt (6)	51	7.8	3.00%b	2.07
Century Shares Trust	Allan W Fulkerson (15)	147	7.8	none	1.03
PaineWebber Regional Financial	Karen Finkel	43	6.6	4.50	1.67
Fidelity Select Regional Banks	Steve Binder (1)	29	6.4	3.00	2.51
Fidelity Select Financial Svcs	Bruce Herring	39	-1.0	3.00	2.49

b: Includes back-end load that reverts to distributor.

Financial services funds are on the rebound, after having been beaten for years. Financial Strategic leads the group in five-year performance. It's also cheap, with relatively low annual expenses and no sales load.

Charles Albers, a five-timer on the honor roll, combines two approaches to investing. The combination has served him well.

Momentum—and value

By Suzanne L. Oliver

CHARLES ALBERS, 50, is a methodical man. He runs 4 miles three times a week—always on Saturday, Sunday and one weekday—and he double-ties his shoelaces. He also manages the $275 million Guardian Park Avenue Fund with the assistance of a mechanical stock-scoring system. "It's practical," he says.

Albers began experimenting with stock-scoring systems while working as an analyst for the *Value Line Investment Survey* in New York City. He developed his current system after joining Guardian in 1971. His approach has served Guardian Park Avenue shareholders well. Since the fund began in 1972 with Albers at the helm, it has achieved a 15.2% average annual return, compared with 11.7% for the S&P 500. The consistency of Albers' performance, and the relatively low risk in the fund (it gets a B in down markets), put him on the FORBES honor roll for the fifth time this year.

Does Albers always win? Hardly. In 1989 and 1990 he badly underperformed the market with an 8.6% two-year return, compared with the S&P 500's 27.5%. But this year he has shone like gold. The same factor that held him back in 1989 and 1990 propelled him into the vanguard this year: small-company stocks.

Albers' system scores a stock primarily on three measures of "momentum": dividends, stock price and earnings. If a stock's growth in these three categories outperforms its industry or the market, Albers takes a second look. The Albers system also throws in three measures of underlying value: the ratio of price to book value and the ratio of price to two different present-value figures. One of these figures is the discounted present value of cash flows, cash flow being defined as net income with depreciation added back. The other is the discounted present value of all future dividends. Of course, these valuations are only as good as the estimates of profits and dividends that go into them.

Shonna Valeska

Charles Albers of Guardian Park Avenue Fund
Small stocks were his downfall and his salvation.

In 1986 the system was giving the stocks of large companies low scores. Their prices, earnings and dividends were growing nicely, but as the market rose they were falling down on all three value scores.

So, with the new money that was rapidly coming into the fund at the end of 1986, Albers bought small stocks such as the petroleum refiner Holly Corp., American Software and the microcomputer maker Telxon. Albers was too early. Except for a brief resurgence in 1988, small stocks continued to be the market's plodders.

This January small stocks came back with a vengeance. So did the Guardian Park Avenue Fund, which is up 23.4% through July, versus 19.6% for the S&P 500. Among its winners is Surgical Care Affiliates, a chain of outpatient surgery centers, whose stock has quadrupled since January, to 44¼. Albers, who began buying the shares in February 1990, has an average cost of $9 a share.

"We think our underperformance is behind us," says Albers. But he's still waiting for another one of his strategies to pay off. Over the past two years Albers has cut back his holdings in consumer stocks, selling out of 1980s standouts like Sotheby's, Nike, Outboard Marine and De Beers Consolidated Mines. Why? For one, the index of consumer goods stocks has reached an alltime high relative to the S&P 500. On his measurement system old consumer standbys like McDonald's, Wal-Mart, Limited and Gillette have some of the worst scores of the 850 stocks Albers currently follows. So Albers sold many of his stocks in that sector—too early, as it turns out. He is waiting to be vindicated there.

Meanwhile, the small stocks in Albers' portfolio are chalking up substantial gains. The fund's position in $260 million (revenues) Clayton Homes is up almost 100%. Albers expects this manufacturer of medium-price homes to increase earnings in its next June fiscal year at least 15%, to $1.30 a share. The regional airline, Atlantic Southeast, has benefited from the dismantling of its chief competitor, Eastern Metro. Its share price has more than doubled in 1991, and earnings are supposed to grow 50% this year. In spite of its runup, Atlantic Southeast is still selling at just 13 times trailing earnings.

Close to 15% of Guardian Park Avenue Fund's portfolio is in financial services stocks. One of Albers' largest holdings is Firstar Corp., a Milwaukee, Wis.-based bank holding company that recently joined with Banks of Iowa. The merged company's loan quality is high, and reserves cover an ample 170% of the merged company's nonperforming loans. Selling at nine times trailing earnings, Firstar still looks cheap.

Another holding is the small, Stamford, Conn.-based reinsurer Trenwick Group. In a bad environment for property and casualty insurers, this $122 million (revenues) company has tripled its income since 1986. The share price of the thrift H.F. Ahmanson has increased almost 70%, to a recent 18¾, since it appeared in Albers' portfolio last fall. Its earnings are expected to increase 28% this year.

Another favorite sector of Albers is transportation. The fund's position in trucker Arnold Industries, which Albers began buying in 1989, has gained 65%. The company's return on equity over the past five years has averaged 24%. Albers also likes Consolidated Rail Corp. and CSX, especially because of their frequent stock repurchases.

It is the nature of the stock market that sometimes it is propelled more by momentum than by value. At those times, funds like those in the Twentieth Century family do well. At other times, pure value dominates, and funds like those in the Mutual Series family do well. Albers belongs to both of these camps. He follows high-momentum stocks until their prices get too far out of line relative to their book values, future cash flows and dividends. Then he switches over to the value school of investing and looks for stocks selling at bargain prices. A novel combination of approaches that seems to work well. ■

Here's an investment that kills you for bailing out early. Yet the low liquidity makes sense for people who would otherwise kill themselves with in-and-out trading.

The case for the variable annuity

By William G. Flanagan and David Stix

PAT, 62, is a successful writer who has most of his retirement money in mutual funds. When the Persian Gulf war loomed last fall and the market sagged, he panicked and pulled out of his equity funds in a depressed market. He never got back in, and now watches his money languish at money market rates.

"I guess I don't have the discipline to be a smart investor," he admits. "The only reason I didn't bail out in the '87 crash was because it happened too quickly."

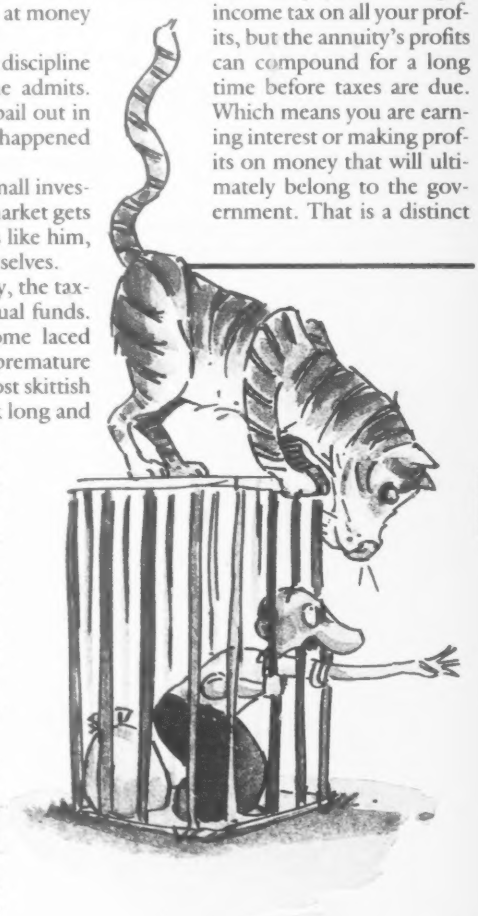
It's an old story. Many small investors chicken out when the market gets scary. Pat, and many others like him, have to be saved from themselves.

Enter the variable annuity, the tax-deferred alternative to mutual funds. Most variable annuities come laced with so many penalties for premature withdrawal that even the most skittish investors are forced to think long and hard before bailing out. Long and hard enough, one hopes, for the market to rebound and chase away any lingering doubts about the investment.

What are the penalties? They come in two forms. One is a tax penalty: If you withdraw funds before age 59½, you owe ordinary income tax plus a 10% penalty tax on any gains.

The other penalty is imposed by the vendor. Even if they don't carry upfront sales loads, most annuities have back-end surrender charges. These can be as high as 7% in the first year but typically fall to zero after five to ten years.

Much has been written about which performs best long term—a taxable mutual fund or a tax-deferred variable annuity, identically invested. Ultimately, you have to pay income tax on all your profits, but the annuity's profits can compound for a long time before taxes are due. Which means you are earning interest or making profits on money that will ultimately belong to the government. That is a distinct



Patrick McDonnell

The latest tax shelter

Sponsor	Mutual fund[1]	Fund			Annuity		
		max load[2]	annual expenses[3]	12-month return[4]	max load[2]	annual expenses[5]	12-month return[4]
Equitable	Balanced	5.25%	1.15%p	9.7%	6.00%	1.75% + $30	6.6%
Fidelity	Asset Manager	none	1.16	16.6	5.00	2.25 + $30	15.6
Prudential	Equity	4.50	1.01	14.6	7.00	1.76 + $30	13.8
Scudder	Capital Growth	none	1.07	–0.4	none	1.42	1.9
Vanguard	Index Trust–500	none	0.19 + $10	7.2	none	0.95 + $25	—[6]

[1] In each case annuity is a clone of, or very similar to, the mutual fund. [2] Maximum sales and/or redemption fee. [3] Management fee and overhead, as a percent of assets. [4] Total return, after annual expenses but before sales load. [5] Sum of annual expenses on underlying fund and mortality and other charges for insurance. [6] Annuity not in operation for full period. p: Net of absorption of expenses by fund sponsor.

Many funds these days have a tax-deferred annuity clone. But the tax deferral comes at a price—higher annual fees. Minimum investments range from $1,000 to $10,000.

advantage over the mutual fund, which is taxed annually.

But offsetting this advantage are the higher annual fees on annuities. Why does the annuity cost more? Because its expenses cover not only overhead but also a "mortality and expense" charge. This covers the small dose of life insurance that comes with the annuity. (Namely: If you die before cashing out, your heirs get the amount in the account or the amount you originally invested, whichever is greater.)

So is the annuity a better long-term buy than the fund?

The answer depends on five factors. One, the type of investment and its annual performance. Two, the sales load, if any, and the annual fees. Three, your tax rate. Four, whether you are young enough to owe the penalty tax when you cash out. Five, how much of your return in the fund takes the form of appreciation in the fund's shares, as opposed to distributions. It is often overlooked in this analysis, but ordinary mutual funds can deliver tax-deferred performance, too—if they don't trade too heavily (and thus do not incur too many capital gains, which are taxable in the year realized).

The Vanguard Index Trust–500 Portfolio, for instance, has appreciated, in round numbers, from $14 a share to $35 over the past 15 years. That (approximately) 150% return remains tax deferred to anyone who hasn't yet cashed out, and it comes without any "mortality" charge. In addition, of course, the Vanguard fund has paid cash dividends of both ordinary income and realized capital gains. The annuity-versus-fund debate hinges on how much benefit you derive by deferring taxes on those dividends; the higher your marginal tax rate, the more you benefit.

No simple formula will tell you whether the annuity's tax deferral more than makes up for its higher costs. But here's one example that will give you an idea of what is going on. Assume that your money is going to be invested in an S&P 500 index portfolio, and that the portfolio earns about 10% a year before expenses—what the index has done over the past two decades. At Vanguard, your choice is between a garden-variety fund carrying a 0.19% annual expense and a nearly identical annuity portfolio costing 0.95% *(see table)*. Assume, as well, that about half your return takes the form of unrealized appreciation in the portfolio, the rest the form of distributions that will be immediately taxable if you go the fund route. Your combined state and federal tax bracket is 38%, and you are old enough not to have to worry about the IRS penalty. How long do you have to stay invested for the annuity to beat the fund? Eight years.

Let's change the assumptions a bit. Your investment choice is an actively traded portfolio, like the Fidelity Asset Manager, and all of the returns are taxed every year if you pick the fund. Fund expenses, 1% a year; identical annuity, 2%. The annuity begins to be a better buy after 12 years. If you cash out after 15 years, a $10,000 investment would grow to $22,960 after taxes in the annuity, but to only $22,380 in the fund.

The point here is that there is some benefit from deferring taxes, but you should keep this benefit in perspective. Bear in mind that the annuity does not exempt you from any taxes, it merely defers them. With the fund, you are recognizing some income along the way, so the remaining taxable gain when you cash out is smaller; with the annuity, the whole gain is taxed when you cash out. If tax rates go down over the next ten years, you will do better than expected with the annuity; if they go up, you will do worse.

One other consideration, and a very important one, weighs in favor of the annuity. You don't have to cash out in 10 years, or even 15. Take the annuity as a monthly check during retirement.

"A great deal of the variable annuity's advantage is wasted if it is surrendered in one lump sum at retirement," argues Rodney Rohda, president of Fidelity Investments Life Insurance Co.

Sure, Fidelity, like most other companies selling annuities, has an interest in your not taking your cash in a lump sum. It likes to continue extracting those high annual fees.

Still, for the likes of Pat, it could be sage advice. Remember, Pat has trouble making and sticking with investments to start with. So what would he do with the money if he settled with the taxman and cashed out? For him, it could still be better—economically and psychologically—to draw out the money slowly, allowing the tax deferral to continue to work for him.

Moral: Don't drive yourself nuts with the math. Variable annuities work best for nervous Nellie investors who would otherwise sit on the investment sidelines for years, wondering what to do. Maybe that's why they are so popular. ■

The trouble with successful small-company stock pickers is that they get shoved into a large-company style. Can the Ariel funds' John Rogers escape this fate?

Just saying no

By Richard Phalon

TO THE GROWING LIST of money managers who got too successful investing in small-company stocks, add John W. Rogers Jr., founder and president of the Chicago-based Ariel Capital Management Co. So much new money has been flooding into the firm that he can't really be a specialist in small-company stocks anymore. Mindful of the pressures on him, Rogers has decided to slam the hatches—closing the larger of the two mutual funds he advises, Calvert-Ariel Growth Fund, to new customers. He is also threatening to close a newer fund, Calvert-Ariel Appreciation Fund, and is refusing new pension accounts. "We can't take on any more new cash and still preserve our focus," he says.

Are Rogers' actions too late? Rogers has already allowed big money to distort his objectives. Here's the problem:

Ariel, named after the fleet (and nearly extinct) mountain gazelle, is running $1.4 billion, a sum that cannot leap gracefully in and out of the shares of little companies. As recently as five years ago, with only $45 million under management, Rogers could describe his mission as primarily a hunt for lesser-known companies with revenues in the $100 million to $200 million range, and selling for ten times earnings or less.

It worked: Since inception in 1986, Ariel Growth is up a compound annual 15.7%, putting it fourth among 50 small-company funds in Lipper Analytical Services' rankings.

Rogers established himself with good gains in such over-the-counter stocks as Liqui-Box Corp., Century Papers, Waverly Press and Pearle Health Services. All these have market capitalizations below $200 million. A $45 million manager could put 5% of his money in one of these small companies without disturbing the price or ending up with an unwieldy percentage ownership of the target company.

A $1.4 billion manager can do nothing of the sort. He must either scatter the portfolio among hundreds of companies, with each winner having only a tiny impact on results, or confine his attention to bigger fish.

Rogers has taken a course somewhere down the middle. Ariel Capital still has pieces of small companies in which it has handsome profits: Sanford Corp., Topps and McCormick & Co., all bought at comparatively modest multiples several years ago. But 9 of the firm's 15 biggest holdings are Big Board stocks with such recognizable names as Clorox, Flem-

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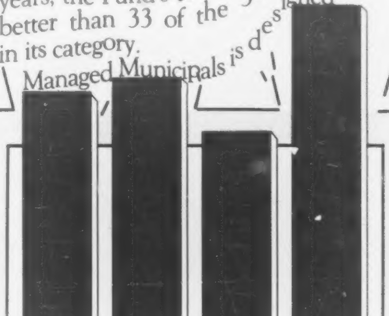

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Best Buys: small-company funds

Fund/distributor	5-year total return annualized	Risk level	Manager (years)	Annual expenses per $100	Maximum sales charge	Assests 6/30/91 ($mil)
Nicholas II/Nicholas	10.1	low	Albert O Nicholas (7)	$0.72	none	$454
Sit New Beginning Growth Fund/Sit	11.4	average	Douglas C Jones (9)	1.10	none	126
Pennsylvania Mutual Fund/Penn Mutual	8.5	very low	Charles M Royce (18)	0.94	none§	703
Selected Special Shares/Kemper Secs	9.7	average	Ronald W Ball (4)	*1.26*	none	59
Scudder Development Fund/Scudder	8.4	high	Multiple managers (3)[1]	1.36	none	479
Janus Venture Fund/Janus	14.0	low	James P Craig Iii (6)	*1.08p*	none	745
Babson Enterprise Fund/Jones & Babson	7.5	average	Peter Schliemann (6)	1.22	none	113
T Rowe Price New Horizons Fund/Price	4.9	high	John H Laporte (4)	0.90	none	1,191

[1]Average tenure of managers, with ten years maximum credit for each. §Distributor may impose redemption fee, which proceeds revert to the fund. p: Net of absorption of expenses by fund sponsor. *Italicized expense indicates 12b-1.*

These are ranked in descending order on a score that rewards funds for good performance and for low costs (sales load and annual expense rate).

ing Cos. and Omnicom Group.

The new money pushed Rogers not only into bigger companies but also into taking big stakes: 4% of Clorox, 6% of Omnicom, 12% of First Brands (Glad Bags, Prestone) and 12% of Handleman (a rack distributor of video- and audiocassettes). Rogers argues there has been no real change in his investment style. "The emphasis has always been on lesser known companies," he says.

The dilemmas of growth have plagued other small-cap managers, but they pursued Rogers, 33, with extraordinary speed. When he set up Ariel in 1983, two and a half years out of Princeton and a stockbrokering stint with William Blair & Co., Rogers had in hand exactly one major outside account—$100,000 worth of Howard University endowment money.

Today Ariel gets business from the funds (distributed by Calvert Group, best known for its "socially conscious" investing) and from 50 big clients ranging from Revlon and the District of Columbia to the United Negro College Fund. These probably generate $6 million a year in management fees.

Can Ariel do as well with stocks like Clorox as it did with Liqui-Box? That remains to be seen. So far this year, Rogers says, all his funds and private-label clients are up 20% or more, well ahead of the 15% gain for the market as a whole. But over the past 12 months Ariel Growth has merely treaded water, with a 0.5% return (to the market's 7.4%), while Ariel Appreciation is up a modest 9%. Rogers says he intends to close the latter, which now has $56 million in assets, at a somewhat higher level than the $200 million at which the growth fund was closed.

Rogers may change his mind at some point. Other managers awash in new money have closed and reopened the spigot from time to time, or cloned a new fund to absorb the overflow. The Janus Fund, for instance, got famous for its success with smaller companies, but now has $2.2 billion to manage—most of it, of course, invested on the New York Stock Exchange. Janus' operators broke out a new fund, Janus Venture, as a vehicle for the smaller companies, but that fund did so well it has piled up $920 million in assets. It comes out sixth in our Best Buys ranking above. (Tables in this survey show assets as of June 30—lower in most cases than current figures.) Now the managers of Janus Venture say they will close the fund to new money at the end of September.

Rogers seems sincere about closing his doors. "We've got only about 60 stocks overall in the portfolio," he says. "I can't handle more money and get consistent results. There are only so many good ideas."

Everybody should have such problems. As Rogers himself notes, being one of the few minority-owned management firms around has helped Ariel land such accounts as the Chicago and Los Angeles city em-

Money manager John W. Rogers Jr.

Will he do as well with Clorox as he did with Liqui-Box?

ployees' retirement funds. Good connections haven't hurt, either. Rogers' mother, Jewel Lafontant-Mankarious, a part-owner of Ariel, was a senior partner in a Chicago law firm before being named ambassador-at-large and U.S. coordinator for refugee affairs by President Bush in February 1989. At least two of the seven corporations on whose boards she sat before her appointment (Revlon and Mobil Corp.) are on Ariel's list of clients.

But connections only go so far; in the end the only credential that counts is compound annual return. For that reason, Rogers' self-imposed constraint on growth could be a good long-term investment.

"From now on, it's going to be a very simple story," says Rogers. "Our private clients can judge us by just one thing—growth of assets."

The Best Buy table (*opposite*) ranks small-company funds according to a formula that gives equal weight to risk-adjusted performance and low costs. Ariel Appreciation is too young to make the list. Ironically, by the time it does qualify, it may be closed to new money. ■

Tired of Japanese stocks trading at 36 times earnings? Try Latin American stocks at 13 times. Risky? Yes, but getting in early is always risky.

Southern exposure

By Suzanne L. Oliver

If you missed the near 70% runup (64% to U.S. dollar investors) in the Mexican stock market through June of this year, you may be wondering: Is it too late to put some money in the Bolsa Mexicana de Valores?

"No," argues Oscar Castro, portfolio manager in the Latin American investment group at G.T. Capital, a money management firm in San Francisco. "There is the [eventual] potential in Latin America for too much capital to be chasing too few stocks. But we are far from that now."

Castro says that while demand for Mexican stocks is rising, so is supply: "As the valuations of the publicly traded Latin American stocks go up, more companies offer shares in the stock market."

Indeed there seems to be ample room for Latin American stock markets to grow. The total market capitalization of the companies listed on the Mexican stock exchange is worth only a third of Mexico's gross national product. Brazil has listed stocks worth a combined $42 billion. That's only

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*According to Lipper Analytical Services, Inc. for growth funds with $250 - $750 million in assets, Special Fund was #1 out of 23 funds for the 20 years ended 6/30/91. For the 10-, 5-, and 1-year periods ended 6/30/91, the Fund ranked #3 out of 29; #7 out of 43; and #39 out of 48, respectively. Total return performance includes changes in share price and reinvestment of income and capital gain distributions. Past performance is no guarantee of future results. Share price and investment return will vary, so you may have a gain or loss when you sell shares.

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8% of that country's gross national product, while the corresponding ratio in the U.S. is 62%.

One more statistic of value: With the sole exception of Venezuela, the average price/earnings ratio on each of the five largest Latin American stock exchanges is 15 or less. In Argentina, it's 5.

Lest we get carried away, let's remember that none of these Latin countries ranks anywhere close to Japan—or even Korea or Taiwan—in economic stability, technological prowess or reliability of the currency. But you can say this about Mexico, Chile and Argentina: Economic reform has reduced inflation, initiated the privatization of industry and encouraged foreign investment.

Castro believes investors with at least a three-year time horizon should consider putting money in Latin America.

How to buy in? Brokerages have responded to the renaissance in Latin America by bringing out new closed-end funds that invest in the region. Some of them are too new for us to judge their managers' investment acumen, but most of them often sell at discounts to their net asset values that can provide some cushion for shareholders.

For wealthy individuals, the new Megy Income Fund, with a minimum investment of $100,000, offers an opportunity to invest in Latin American government debt.

Patrick McDonnell

The Mexico Fund is the grandfather among Latin American funds. It has delivered shareholders a 19% average annual return on its dollar net asset value since its inception in 1982. This year the company's asset value per share climbed from $15.64 to $23.65 in June. That 51% rise is roughly in line with the 60% dollar return on the average Mexican stock. The Mexico Fund's shares, which trade on the New York Stock Exchange, were trading recently near their net asset value at 22⅜.

The Emerging Mexico Fund and the Mexico Equity & Income Fund were both first offered to investors in 1990 and are selling at discounts to their net asset values *(for table of closed-end discounts, see p. 250)*. The Emerging Mexico Fund invests primarily in Mexican equities, while the Mexico Equity & Income Fund invests 50% of its assets in U.S.-dollar-denominated convertible securities of Mexican companies that it buys in private transactions. This fund has a 4.5% yield.

Chile began its free enterprise reforms long before Mexico did, first restructuring its private-sector debt back in 1983. Castro expects inflation there to drop to 20% this year from 27% last year. He thinks the economy should grow, net of inflation, at a rate of 4.5%.

During 1990 the Chilean stock market turned in a total return of 40% in dollar terms, while the net asset value of the almost two-year-old Chile Fund moved up just 27%. Emilio Bassini, portfolio manager of the fund, blames his underperformance on the expense of his currency hedges and his 10% position in fixed-income securities. But maybe he shouldn't be making any apologies. Since the fund was started, it has produced a 66% annualized return to dollar investors.

Bassini is also the portfolio manager of the Latin America Investment Fund, which started trading in August 1990. The fund's largest positions are in Mexico and Chile, where it owns shares in the telecommunications companies Telemex and Telefonos de Chile and the largest Mexican retailer, Cifra. The fund has gained 44% from its $15-per-share initial offering price and recently traded near its net asset value.

The Brazil Fund has been hamstrung by a deep recession that began in Brazil in late 1989 and helped knock net asset value per share down from $18.85 at the end of 1989 to $5.97 a year later. Edmund Games, manager of the Brazil Fund, points out that President Fernando Collor de Mello has mellowed his aggressive inflation fighting, which slowed economic growth, has taken a somewhat more sympathetic view of private capital and has been loosening the nation's monetary purse strings. The stock market has rebounded this year, and the fund's shares, at a recent 17¾, were trading at a slight premium to net asset value.

Castro owns shares of both the Chile and the Brazil funds in foreign-based portfolios he manages. Says Castro, a Venezuelan, "Latin American governments have a new attitude. We'll soon see their economies growing at 5% annual rates." If he's right, the region could be another Pacific Rim by century's end. Even if he's exaggerating, there could be a lot of growth here. ■

The route to Latin America

Fund	Assets ($mil)[1]	Price[2]	Premium/ discount[2]	6-month return[1]	Annual expenses per $100
Brazil Fund	$169	$17.75	18.3%	134.9%	$2.25
Chile Fund	155	27.25	–16.4	64.0	2.04
Emerging Mexico Fund	86	16.38	–13.2	55.3	2.36
Latin America Investment Fund	87	23.00	–2.3	64.0	3.20
Mexico Equity & Income Fund	89	13.00	–13.6	25.7	1.97
Mexico Fund	464	22.38	–10.0	51.1	1.60

[1] As of 6/28/91. [2] As of 8/2/91.

Source: Shearson Lehman Brothers; FORBES.

Investors who want exposure to the steamy stock markets of Latin America should consider closed-end funds. Other things being equal, look for a big discount.

Make your fund part bonds, part equities, and you can survive both market crashes and inflation.

Balancing act

By Carolyn T. Geer

WALTER L. MORGAN, founder of the funds that became the Vanguard Group, learned the merits of a balanced portfolio the hard way. As a young man, he lost his shirt speculating in the stock market in the early 1920s. Determined never to let that happen again, Morgan created the first balanced fund in 1928. His Industrial & Power Securities Co. would invest in both blue-chip stocks and high-grade bonds—the stocks for growth, the bonds to provide income during downturns in the market.

The fund, known today as the Wellington Fund, survived the 1929 crash, and soon other balanced funds appeared on the scene. Most were conservative, investing in a mix of high-quality equities and bonds. "It was basically a seesaw approach," says Lipper Analytical Services, Inc.'s Michael Lipper of the early generations of balanced funds. "You might have had as much as 60% in stocks and 40% in bonds, but if the stocks went too much above that, you sold some and put it into bonds."

Balanced funds began a long slide in popularity in the late 1960s, when growth stocks were all the rage. Wellington's assets, for example, slid from over $2 billion in 1970 to around $600 million in 1980. But in recent years—and especially after the 1987 crash—balanced funds have been making a comeback. In the latest six months ended June 30, nearly $1 billion poured into balanced funds (net of redemptions), according to Lipper. That's double the figure for the year-earlier period. Wellington's assets broke the $3 billion mark this summer.

One important source of new funds has been employee savings plans. "Up until this year we had zero interest from 401-K plans," says Timothy Ryan of the Dodge & Cox Balanced Fund. "Now all of a sudden quite a few corporations are using it as one of the selections for their employees." Says Vincent Bajakian, who has managed the Wellington Fund for nearly 20 years, "Corporations feel they have a responsibility to offer employees a conservative option."

There's no great magic to mixing stocks and bonds in a single portfolio; the mix doesn't provide any escape from the basic law of investing that says reward is commensurate with risk. According to that law, a balanced fund, lying somewhere on the risk spectrum between bonds and stocks, has an expected return between those two extremes.

Then why have balanced funds at all? They rescue investors from two kinds of folly. Mistake one is to be too timid. Thus, a lot of retirees put all their savings in bonds and money market funds, getting safety and income but subjecting their capital to destruction by inflation.

Mistake two is the opposite: to accept more risk than one can tolerate. This kind of investor goes 100% into stocks and then sells out in a panic near a trough in the market.

If you might fall prey to either one of these character flaws, consider a balanced fund. In long-term total return, you should do better than a pure bond investor. But the bonds will anchor the portfolio somewhat in a stock market crash, enough, it is hoped, to keep you from selling out at the bottom.

Even retirees, especially younger ones looking for a source of steady income, would do well to consider putting a large fraction of their assets in a balanced portfolio. Reinvest your distributions and then, for income, set up a systematic withdrawal plan. If your withdrawal rate is low enough (say, about 4%), the capital should not only last indefinitely but also keep up with moderate rates of inflation.

Of course, the risk of any systematic withdrawal plan increases with the volatility of the fund. Some retirees might do well to keep the bulk of their money in a stable balanced fund, says Wellington's Bajakian, and the rest in a money market fund. That way, in the event of a severe market downturn, you can get the income you need from the money market fund and not be forced to liquidate the balanced fund at distress prices.

The Best Buy table at left lists the six balanced funds that rate highest in a scoring system that gives equal weight to performance and efficiency. Performance is measured by risk-adjusted results over the last five years. The efficiency measure rewards funds that have low annual expenses and little or no sales loads.

Best Buys: balanced funds

Fund	5-year total return annualized	Risk level	Manager (years)	Annual expenses per $100	Maximum sales charge
Vanguard Wellesley Income Fund	9.4%	low	Earl McEvoy (9)	$0.40	none
Dodge & Cox Balanced Fund	11.1	average	Multiple managers (10)[1]	0.70	none
Vanguard STAR Fund	9.5	average	none[2]	0.44	none
Vanguard Wellington Fund	9.6	high	Vincent Bajakian (19)	0.36	none
Lincoln Natl Convertible Securities	10.2	average	Edward J Petner (3)	0.97	NA
CGM Mutual Fund	10.6	very high	G Kenneth Heebner (14)	0.97	none

[1] Average tenure of managers, with ten years maximum credit for each. [2] Fund holds fixed percentages of other Vanguard funds. NA: Not applicable.

Funds are scored on performance (risk-adjusted) and efficiency (low load and expenses), and listed in descending order.

An "asset allocation" fund is a plain old balanced fund with market timing thrown in. Does the timing add anything? Not that we can see.

Bad timing?

By Christopher Palmeri

WHEN THE Blanchard Strategic Growth fund came out in July 1986, it had a grand concept. An expert asset allocator would choose among four asset categories, based on their attractiveness at the time. The money would then be farmed out to an outside manager in each category: domestic stocks, foreign stocks, precious metals and bonds. In effect, this was the classic balanced fund, mixing stocks and bonds, except that it was supposed to do much better than just any balanced fund. After all, the allocator could put his emphasis on whichever of the categories looked most promising.

How has the strategy worked? Not brilliantly. In the five years since its launch, the $181 million Blanchard fund has delivered a total return averaging 9.6% a year. On that score it doesn't quite match the 10.2% average of all the staid, old balanced funds, which invest in a more or less fixed mix of stocks and bonds.

People pitching asset allocation funds got a big boost from the 1987 market crash, when the allocators who were lucky enough to be mostly out of the market saved their clients a bundle. Based on this limited experience, many allocation funds were rushed to market, and there is now $4 billion invested in this category.

Mediocre as its results were, the Blanchard fund did better than a lot of other allocation funds. Most of them produced wretched returns. Lipper Analytical Services, which calls them flexible portfolio funds, counts 26 that have been around for at least three years. Their average annual return is just 8.6%. You would probably have done better than that in a conventional balanced fund. In short, the market timing was worse than useless.

"Asset allocators are really just cousins of market timers, and it is pretty hard to add value with that strategy," says Kurt Brouwer of the San Francisco-based investment advisory firm Brouwer & Janachowski. "You'd better be right three out of four times or you will underperform the averages." Why? Because of all the switching they do, the asset allocators run up high transaction costs.

The largest allocation funds

Fund	Assets ($mil)	3-year return annualized	Maximum sales charge	Annual expenses per $100
IDS Managed Retirement Fund	$874	15.6%	5.00%	$0.89
Dreyfus Capital Value Fund	760	10.8	4.50	*1.20*
PaineWebber Asset Allocation	368	7.6	5.00b	*1.95*
Prudential FlexiFund–Strategy	216	10.4	5.25	*1.30*
Dean Witter Managed Assets	214	8.0	5.00b	*1.78*
Shearson Equity–Strategic Inv	206	11.0	5.00b	*2.05*
Blanchard Strategic Growth	181	4.9	0.00	*2.36*
Prudential FlexiFund–Conservative-A	162	8.9	5.25	*1.27*
Shearson Multiple Oppors LP	142	4.9	3.00b	*3.02p*
Dreyfus Strategic Investing	122	14.4	4.50	*1.50p*
Standard & Poor's 500		14.6		

Italicized expense figure indicates 12b-1 plan. b: Includes back-end load. p: Net of absorption of expenses by fund sponsor. *Source: Lipper Analytical Services.*

A list of the biggest allocators, not surprisingly, includes a disproportionate number of the better ones; the category's average return since 1988 is only 8.6% a year.

Typical among the allocators is the $214 million Dean Witter Managed Assets Trust, dating to June 1988. It carries a 5% back-end load and an above-average expense ratio, 1.8% of assets annually. That means Dean Witter has to make some fairly smart calls just to keep even with a low-cost, fixed-mix balanced fund like Vanguard Wellington. Dean Witter Managed Assets has returned a below-average 8% a year.

Not that the Dean Witter folks don't perform a lot of mumbo jumbo. They have three portfolio managers who crunch a great deal of economic data and still seem to make wrong calls. The fund sat through much of 1989 with just 8% in stocks and 60% of its portfolio in money market instruments. The S&P 500 stock average climbed 32% that year.

Another mediocre market timer is the Overland Express Asset Allocation Fund, managed since 1988 by Wells Fargo Nikko Investment Advisors, a partnership between the U.S. bank and the Japanese broker. The fund bases its timing calls on a black box Wells Fargo developed in 1972. The system calculates the stock market's attractiveness by estimating all future dividend payments and discounting them to the present. The claimed performance record for this system since 1977, when it was first used to manage money, is nothing short of dazzling. Recently, however, the system has been just so-so. Over the past three years Overland's average annual return has been only 8%. Wells Fargo turned bearish too soon, loading up on cash early enough to miss most of the 1989 stock rally. Alibis Wells Fargo Nikko President Patricia Dunn, "The computer pulls out of markets that are overvalued. Sometimes it takes a while to be right."

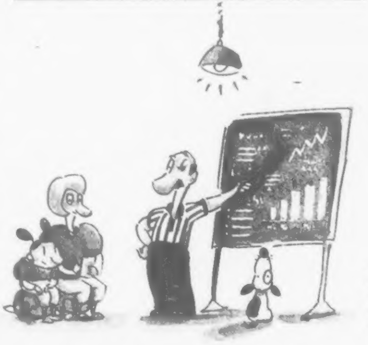
Dunn remains steadfastly bearish on stocks, and she may yet be proved right. Until then, our recommendation for people who want a mix of stocks and bonds is this: Buy a balanced fund with a decent record and a low expense ratio. Our Best Buy list is on page 204. ■

FORBES rates funds separately in bull and bear markets. There are two advantages to this approach over a simple straight-line performance grade. One is that it makes explicit the fact that funds tend to do well in only one kind of market environment. The other is that it enables you to get a good sense of the risk in a fund. Funds with the worst bear market grades are the riskiest. This is key to an investment decision: You trade off risk against return.

The chart opposite displays the three market cycles over which we rate stock funds. Funds with records across three up periods are compared with one another and graded on the curve for bull market performance. Funds with only two segments of bull market performance are graded separately against one another. Bear market grades are awarded in similar fashion. Balanced funds, which invest in a mix of stocks and bonds, are evaluated over three market cycles, too, determined by a blend of a stock and a bond index; see the chart on page 252.

Foreign stock funds are graded against one another in a similar way. Their up and down segments are pictured on page 258. Global stock funds, which buy a mix of U.S. and foreign securities, are graded separately; that table begins on page 256.

Junk bonds, which have a large element of equity-like behavior in their fluctuations, also move in cycles. Junk bond funds, page 278, are rated over two cycles. But high-grade bonds don't move in long trend lines at all. Thus we compute separate bull and bear market grades for taxable bond funds, page 268, by dividing the last five years into individual bull and bear months. Municipal bond funds, which begin on page 280, are graded this way, too.



Patrick McDonnell

The "average annual total return" shows the compound annual return of the fund over the full rating period—three full market cycles in the case of stock funds, two cycles for junk bond funds, and five years for the other bond funds. This and the other performance figures—yield and 12-month total return—are net of expenses taken off the top by the fund sponsor. That's because expenses come out before dividends are distributed. Those distributions are in turn used, along with the fund net asset values printed in the daily newspapers, to calculate a performance figure. In the calculations of total return we assume that a distribution is reinvested in additional shares of the fund at the end of the month in which the payout went ex-dividend.

Why do we print expense ratios if overhead costs are already reflected in performance numbers? Because they are the one component of performance that is very predictable. A lucky manager can put his fund at the top of a chart in spite of an excessive management fee or high overhead. The next year he may not be so lucky. But management fees and other expenses will continue as a drag on performance. Expenses as we define them include management fees, 12b-1 "distribution" fees and overhead. They do not include interest or brokerage commissions for the fund's trading.

Our performance numbers—both those displayed in the tables and those used to award grades—do not take into account sales charges. Thus we are measuring portfolio management skills rather than investment results. The only exception is in the "hypothetical investment results" column of the honor roll. Performance and other data are as of June 30.

Sometimes a fund sponsor merges a large fund with a bad record into a small fund with a clean record. We treat this transaction as if the merger had gone the reverse way, thus preserving the large fund's performance history. This explains why our performance numbers for several funds differ from those claimed by the funds. Also, we do not expunge a fund's history when its management changes.

Funds marketed by several brokers, including Merrill Lynch and Prudential, give investors a choice between shares with a front-end load and little or no 12b-1 fees and shares with a declining back-end load and fairly high 12b-1 fees. We report performance for the former type of shares but assets for the entire fund.

Yield is the sum of dividends from investment income over the past 12 months, divided by the June 30 net asset value. It may differ from the 30-day yield as defined by the Securities & Exchange Commission.

To be included in the annual survey a fund must have a minimum investment below $100,000 and be open to the general public. An exception to the latter rule is made for certain widely held membership-only funds, such as those of the American Association of Retired Persons. Exchange funds, a dying breed that under tax laws cannot accept new clients, are no longer covered.

You won't find brand-new funds in this survey. A fund must have 12 months of performance data before we add it to our catalog. It also must reach a certain size: $25 million for domestic equity funds or foreign funds of any type; $100 million for bond funds and tax-free money markets; $500 million for taxable money markets. Our roster of money market funds is very short because it is confined to the ones with the lowest expense ratios, for reasons explained on page 292.

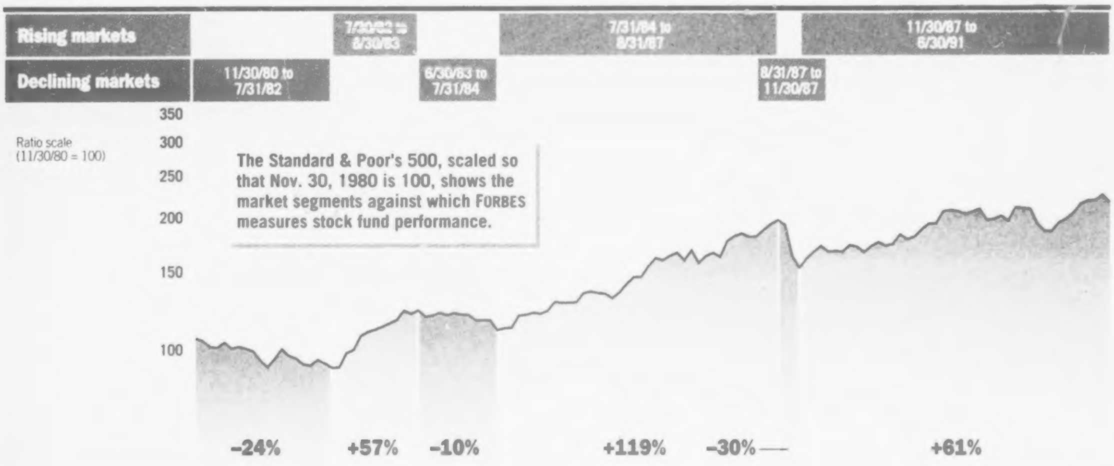
The Forbes honor roll of stock funds that have turned in the best and most consistent performance in the past appears on page 160. New this year are tabulations of what we call Best Buys among Ginnie Mae, junk bond, balanced portfolio, small company and municipal bond funds. The winners in these categories have to show both good performance and low expenses.

Phone numbers appear in the distributor listing at the back of the survey, beginning on page 294. Since most funds maintain 800 numbers, you can also find them quickly by calling the national directory assistance number, 800-555-1212.

Much of the raw data for this issue comes from CDA Investment Technologies in Rockville, Md. and Lipper Analytical Services in New York City. ■

Stock funds

This table covers funds that have at least $25 million in assets and at least 12 months of performance history. FORBES grades stock funds against the three market cycles of the S&P 500. To be graded, a fund must have been in existence for at least two of the market cycles—that is, since June 30, 1983. Balanced funds, global stock funds and foreign stock funds are graded separately against different benchmarks (see pages 252, 256 and 258). The fund's name is followed by that of its distributor; the table of distributors at the end of the fund survey has phone numbers. Closed-end funds have no distributor; they can be bought and sold in the secondary market and are traded just like common stock. A table of closed-ends trading at discounts to net asset value appears on page 250.



The Standard & Poor's 500, scaled so that Nov. 30, 1980 is 100, shows the market segments against which FORBES measures stock fund performance.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/91	Total return: Last 12 months	Yield	Assets: 6/30/91 ($mil)	Assets: % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
		AAL Capital Growth Fund/AAL	— *	10.0%	2.2%	$223	56%	4.75%	*$1.41*
		AARP Growth–Capital Growth/Scudder	— *	–0.5	2.2	214	–2	none	1.11p
		AARP Growth–Growth & Income/Scudder	— *	7.6	4.8	334	24	none	1.03
C	D	ABT Growth & Income Trust/ABT	9.1%	0.7	3.3	88	–8	4.75	*1.29*
F	A	ABT Utility Income Fund/ABT	10.6	2.0	5.6	141	–2	4.75	*1.25*
B	C	Acorn Fund/Acorn	12.9	–1.4	1.6	969	2	†	0.82
C	B	Adams Express/closed-end	12.4	10.6	3.5	597	5	NA	0.60
		Addison Capital Fund/Addison	— *	5.4	1.2	29	–1	3.00	*2.38*
		Advantage Growth Fund/Advest	— *	6.6	0.8	32	7	4.00b	*2.33*
D	A	Aegon USA Growth[1]/Aegon	12.2	5.2	2.4	38	3	4.75	*0.99p*

■ Fund rated for two periods only; maximum allowable grade A. * Fund not in operation for full period. † Closed to new investors. § Distributor may impose redemption fee, which proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Formerly MidAmerica Mutual Fund.

Distributor table, page 294. Rules, page 210.

STOCK FUNDS

FUND SURVEY

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 11/80 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
C	D	AFA–Natl Aviation & Tech/AFA	8.7%	-10.5%	0.6%	$69	-17%	4.75%	$1.64
■ D	■ D	AFA–Natl Telecommun & Tech/AFA	— *	-13.0	none	31	-22	4.75	2.25
C	B	Affiliated Fund/Lord Abbett	13.3	3.2	4.4	3,379	-5	6.75	*0.59*
B	C	Aim Equity–Charter Fund/AIM	13.3	15.7	2.0	196	118	5.50	*1.34*
A+	F	Aim Equity–Constellation Fund/AIM	11.5	5.6	none	235	83	5.50	*1.40*
A+	D	Aim Equity–Weingarten Fund/AIM	15.6	10.3	0.6	1,663	143	5.50	*1.26*
■ B	■ D	Aim Summit Fund/AIM	— *	10.4	1.8	395	29	**	0.80
		Alger Fund–Small Capitalization/Alger	— *	8.9	none	48	57	5.00b	*2.31*
		Alliance Counterpoint Fund/Alliance	— *	10.2	1.2	55	-4	5.50	*1.72*
B	D	Alliance Fund#/Alliance	10.5	5.2	1.5	672	-7	5.50	*0.81*
C	D	Alliance Global–Small Cap#/Alliance	7.1	-14.8	none	79	-15	5.50	*2.29*
C	B	Alliance Growth & Inc/Alliance	14.2	5.8	4.1	388	5	5.50	*1.09*
A	D	Alliance Quasar Fund#/Alliance	12.6	-9.1	0.3	315	-8	5.50	*1.79*
A+	■ F	Alliance Technology Fund/Alliance	— *	-6.8	none	150	-10	5.50	*1.77*
		Charles Allmon Trust[1]/closed-end	— *	6.6	5.2	127	-1	NA	1.48
D	D	AMA Family of Funds–Classic Growth/AMA	7.0	-2.2	3.2	25	-11	4.75	*2.04*
C	B	Amcap Fund/American Funds	13.7	4.3	2.0	2,201	2	5.75	*0.79*
C	A	American Capital Comstock/American Cap	14.4	4.0	2.9	875	-8	8.50	0.83
C	A	American Capital Emerging Grow[2]/American Cap	12.9	10.2	0.4	262	8	5.75	*1.16*
B	D	American Capital Enterprise/American Cap	9.9	6.0	1.0	602	-2	5.75	*0.97*
C	B	American Capital Growth & Inc[3]/American Cap	12.1	3.1	3.2	155	-7	5.75	*1.13*
C	A	American Capital Pace Fund/American Cap	15.1	4.2	2.3	2,349	-4	5.75	*1.01*
		American Gas Index Fund/Rushmore	— *	-8.9	5.2	126	37	none	0.79p
F	A	American Growth Fund/American Growth	9.3	5.6	3.4	54	-9	8.50	1.40
D	F	American Investors Growth/Amer Investors	-0.4	-12.1	0.5	59	-20	8.50	1.66
D	A	American Leaders Fund/Federated	14.6	9.3	2.6	148	-1	4.50	1.02p
D	A	American Mutual Fund/American Funds	15.3	7.3	4.9	3,899	12	5.75	*0.60*
B	C	American National Growth/Securities Mgmt	13.0	7.3	1.6	107	0	8.50	1.03
D	A	American National Income/Securities Mgmt	14.5	11.2	3.6	84	13	8.50	1.22
B	B	AMEV Capital Fund/AMEV	13.8	1.7	1.6	169	6	4.75	*1.25*
A	■ C	AMEV Fiduciary Fund/AMEV	— *	-0.2	1.0	35	-1	4.50	*1.44*
A	C	AMEV Growth Fund/AMEV	14.3	5.8	1.2	277	8	4.75	*1.21*
B	C	Amway Mutual Fund/Amway	11.2	11.9	1.1	47	15	3.00	1.16
F	A	Analytic Optioned Equity Fund/Analytic	10.9	6.6	3.6	107	-1	none	1.11
		API Trust–Growth/Amer Pension	— *	9.8	none	29	-6	none	*2.38p*
		ASO Outlook Group Equity/Winsbury	— *	4.0	3.0	31	112	3.00	1.09p
		Associated Planners Stock Fund/Assoc Plan	— *	13.4	0.8	28	38	4.75	2.11

■ Fund rated for two periods only; maximum allowable grade A. * Fund not in operation for full period. † Closed to new investors. § Distributor may impose redemption fee, which proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. ** Available only through monthly contractual plan. b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Formerly Growth Stock Outlook Trust. [2] Formerly American Capital Venture Fund. [3] Formerly Fund of America.

Distributor table, page 294. Rules, page 210.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return Annual average 11/80 to 6/91	Total return Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
A+	F	Axe-Houghton Growth/USF&G	9.9%	19.1%	0.6%	$79	12%	5.75%	*$1.52*
		Babson Enterprise Fund/Jones & Babson	—*	3.0	1.0	113	17	none	1.22
C	D	Babson Growth Fund/Jones & Babson	10.4	3.0	2.2	236	-9	none	0.86
		Babson Value Fund/Jones & Babson	—*	6.9	3.7	27	9	none	1.04
		Baird Blue Chip Fund/Baird	—*	7.8	1.6	44	30	5.75	*1.55*
D	B	Baker, Fentress & Co/closed-end	9.9	-6.3	3.3	394	-12	NA	0.68
		Baron Asset Fund/Baron	—*	-2.0	1.4	46	-16	2.00b	*1.80p*
■D	■A	Bartlett Capital–Basic Value/Bartlett	—*	0.3	3.7	93	-15	none	1.21
A	D	Berger One Hundred/Berger	12.2	17.7	none	37	100	none	*2.62p*
A	A	Bergstrom Capital/closed-end	19.2	29.2	2.2	89	22	NA	0.99
C	C	Wm Blair–Growth[1]/Wm Blair	11.6	5.9	1.6	72	2	none	0.90
		Blue Chip Value Fund/closed-end	—*	8.7	9.7	71	-2	NA	1.45
C	C	Boston Co Capital Appreciation/Boston Co	12.0	-3.4	1.9	478	-21	none	*1.18*
		Boston Co Special Growth Fund/Boston Co	—*	9.6	0.2	36	-16	none	*1.77*
		Brandywine Fund/Brandywine	—*	1.3	1.6	445	55	none	1.12
D	D	Bull & Bear Capital Growth/Bull & Bear	4.3	-26.0	none	44	-38	none	*2.40*
D	A	Burnham Fund/Burnham	12.2	4.7	5.4	122	-9	5.00	1.10
		Calvert-Ariel Appreciation Fund/Calvert	—*	9.0	1.0	48	187	4.75	*0.70p*
		Calvert-Ariel Growth Fund/Calvert	—*	0.5	1.0	248	0	†	*1.31*
		Calvert Social Inv–Equity/Calvert	—*	5.1	0.6	37	68	4.75	*1.00p*
		Capital Income Builder/American Funds	—*	14.9	5.1	416	87	5.75	*1.01*
C	B	Cardinal Fund/Cardinal	14.1	8.1	3.4	212	7	8.50	0.69
		Carnegie-Cappiello–Growth/Carnegie	—*	3.6	1.1	78	0	4.50	*1.78*
		Carnegie-Cappiello–Total Return/Carnegie	—*	-0.6	5.6	64	-21	4.50	*1.58*
C	D	Central Securities/closed-end	8.7	6.0	1.7	123	0	NA	0.98
B	A	Century Shares Trust/Century Shares	16.3	9.2	2.6	147	3	none	1.03
A+	B	CGM Capital Development/TNE	20.5	22.4	0.4	238	14	†	0.94
C	C	Cigna Growth Fund/Cigna	11.1	0.6	1.4	166	-11	5.00	*1.19*
		Cigna Utilities Fund/Cigna	—*	3.6	5.6	73	10	5.00	*1.27*
		Cigna Value Fund/Cigna	—*	2.8	1.6	110	21	5.00	*1.24*
		Clipper Fund/Pacific Finl	—*	6.0	2.6	137	-9	none	1.18
B	D	Colonial Growth Shares Trust/Colonial	12.0	2.4	1.8	129	-3	5.75	*1.03*
		Colonial Small Stock Index Trust/Colonial	—*	-14.3	0.4	29	-33	5.75	*1.69*
		Colonial US Equity Index Trust/Colonial	—*	6.1	1.8	42	11	5.75	*1.62*
		Colonial VIP Equity–Diversified Ret/Colonial	—*	0.5	3.9	31	16	5.00b	*2.25p*
A	C	Columbia Growth Fund/Columbia	14.3	5.8	1.9	380	15	none	0.88
		Columbia Special Fund/Columbia	—*	0.5	0.1	202	42	none	1.21

■ Fund rated for two periods only; maximum allowable grade A. * Fund not in operation for full period. † Closed to new investors. § Distributor may impose redemption fee, which proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.
[1]Formerly Growth Industry Shares.

Distributor table, page 294. Rules, page 210.

Performance UP markets	DOWN markets	Fund/distributor	Total return Annual average 11/80 to 6/91	Total return Last 12 months	Yield
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%
		Forbes stock fund composite	12.2%	6.0%	2.6%
		Common Sense–Growth/Common Sense	—*	5.4%	1.6%
		Common Sense–Growth & Inc/Common Sense	—*	2.7	2.3
D	A	Composite Growth Fund/Murphey	13.0%	10.7	2.7
		Composite Northwest 50 Fund/Murphey	—*	11.7	0.6
		Connecticut Mutual–Growth/Phelps	—*	2.7	2.1
F	■ A	Copley Fund/Copley	—*	4.1	none
		Counsellors Capital Appreciation/Counsellors	—*	2.3	1.6
		Counsellors Emerging Growth/Counsellors	—*	2.9	0.5
		Counsellors Tandem Securities/closed-end	—*	10.6	0.9
C	C	Country Capital Growth Fund/Country Cap	11.7	5.7	2.9
		Cowen Income + Growth Fund/Cowen	—*	5.7	4.1
C	C	Dean Witter American Value/Dean Witter	10.9	13.8	0.8
		Dean Witter Cap Growth Secs/Dean Witter	—*	14.6	0.2
■ D	■ D	Dean Witter Devel Growth Secs/Dean Witter	—*	-5.2	none
C	■ A	Dean Witter Div Growth Secs/Dean Witter	—*	7.1	3.3
D	■ C	Dean Witter Natural Res Devel/Dean Witter	—*	-3.3	1.9
		Dean Witter Option Income/Dean Witter	—*	11.4	8.2
		Dean Witter Utilities Fund/Dean Witter	—*	6.3	5.6
		Dean Witter Value-Added Mkt–Equity/Dean Witter	—*	5.8	1.4
D	A	Delaware Group Decatur Fund–I/Delaware	13.9	-0.2	6.3
		Delaware Group Decatur Fund–II/Delaware	—*	3.9	4.7
		Delaware Group DelCap Fund–I/Delaware	—*	5.3	2.1
A	C	Delaware Group Trend Fund/Delaware	14.2	-4.7	0.6
A	B	Dodge & Cox Stock Fund/Dodge & Cox	15.1	4.5	3.1
		Dreyfus Capital Value Fund/Dreyfus	—*	13.4	7.5
D	B	Dreyfus Fund/Dreyfus	11.9	1.9	4.4
C	D	Dreyfus Growth Opportunity Fund/Dreyfus	7.8	2.6	2.7
D	B	Dreyfus Leverage Fund/Dreyfus	11.4	9.5	4.4
		Dreyfus New Leaders Fund/Dreyfus	—*	3.3	1.6
		Dreyfus Peoples Index/Dreyfus	—*	1.9	1.7
		Dreyfus Strategic Aggres Inv/Dreyfus	—*	6.6	none
		Dreyfus Strategic Investing/Dreyfus	—*	12.6	1.8
C	C	Dreyfus Third Century Fund/Dreyfus	9.8	10.9	1.6
		Eaton Vance Equity-Income/Eaton Vance	—*	1.4	5.1
C	B	Eaton Vance Growth Fund/Eaton Vance	13.1	2.8	1.0
D	B	Eaton Vance Special Equities/Eaton Vance	11.5	10.6	none
C	B	Eaton Vance Stock Fund/Eaton Vance	12.6	3.9	4.4

■ Fund rated for two periods only; maximum allowable grade A. * Fund not in operation for full period. † Closed to new investors. § Distributor may impose redemption fee, which proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption

Distributor table, page 294. Rules, page 210.

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Assets		Maximum sales charge	Annual expenses per $100
6/30/91 ($mil)	% change 91 vs 90		
			$1.29
$1,153	17%	8.50%	$1.53
456	13	8.50	1.37
68	–2	4.00	*1.22*
79	74	4.50	*1.26p*
33	–17	6.25	1.19
28	–7	none	1.50p
108	46	none	1.04p
31	0	none	1.25p
68	6	NA	2.33
82	1	3.00	0.82
32	–27	4.85	*2.04*
124	22	5.00b	*1.70*
450	134	5.00b	*1.92*
100	3	5.00b	*1.98*
3,188	2	5.00b	*1.51*
133	–16	5.00b	*1.80*
139	–22	5.00b	*2.11*
1,512	19	5.00b	*1.67*
139	–6	5.00b	*1.90*
1,642	–11	8.50	0.70
386	3	4.75	*1.25*
333	74	4.75	*1.41*
79	–11	4.75	1.30
239	52	none	0.65
760	12	4.50	*1.20*
2,715	–1	none	0.77
515	1	none	0.98
479	1	4.50	1.05
161	–12	none§	*1.42*
54	178	none§	0.00
58	–28	3.00	*1.50p*
122	8	4.50	*1.50p*
260	32	none	1.05
53	25	6.00b	*1.43p*
130	43	4.75	*0.95*
61	2	4.75	*1.06*
85	–4	4.75	*0.99*

of expenses by fund sponsor. NA: Not applicable or not available.

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THE Vanguard GROUP OF INVESTMENT COMPANIES

STOCK FUNDS

FUND SURVEY

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 11/80 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
D	■ A	Eaton Vance Total Return Trust/Eaton Vance	— *	7.8%	6.2%	$477	-1%	4.75%	*$1.19*
		Eclipse Financial Asset–Equity/Eclipse	— *	1.2	2.6	135	-32	none	1.18
		Emblem–Earnings Momentum/Winsbury	— *	7.0	1.6	31	15	4.00	1.08
		Emblem–Relative Value/Winsbury	— *	6.9	2.3	163	27	4.00	0.90
B	B	Enterprise Group–Growth/Enterprise	15.1%	7.0	1.2	64	5	4.75	*1.60p*
		Enterprise Group–Growth & Income/Enterprise	— *	4.3	3.9	31	-12	4.75	*1.50p*
		Equitable Funds–Growth#/Equitable	— *	13.4	0.3	25	36	5.25	*1.40p*
C	■ C	Equity Strategies Fund/EQSF	— *	-5.6	none	64	-7	†	1.17
B	C	Evergreen Fund/Lieber	11.9	6.1	1.4	716	-3	none	1.17
■ A	■ B	Evergreen Limited Market Fund/Lieber	— *	7.1	2.9	45	6	†	1.33
D	A	Evergreen Total Return Fund/Lieber	14.0	6.0	6.0	1,109	-10	none	1.23
		Evergreen Value Timing Fund/Lieber	— *	6.8	2.5	42	8	none	1.50
F	C	FBL–Growth Common Stock/FBL	7.6	11.6	5.2	36	2	5.00b	*1.62*
		Federated Growth Trust/Federated	— *	6.1	3.4	221	23	none	1.01p
C	■ A	Federated Stock Trust/Federated	— *	6.0	2.6	367	-18	none	1.00p
		Fidelity Blue Chip Growth Fund/Fidelity	— *	12.1	0.9	190	27	3.00	1.35
		Fidelity Capital Appreciation/Fidelity	— *	2.5	1.1	1,339	-35	3.00	0.93
A	D	Fidelity Contrafund/Fidelity	15.0	21.0	0.4	601	12	3.00	1.06
A+	B	Fidelity Destiny Portfolio I/Fidelity	18.3	12.3	0.7	2,024	10	**	0.44
		Fidelity Destiny Portfolio II/Fidelity	— *	14.5	1.5	326	48	**	0.80
		Fidelity Disciplined Equity/Fidelity	— *	8.6	2.0	133	7	none	1.24
D	A	Fidelity Equity-Income/Fidelity	14.8	3.3	6.5	4,089	-14	2.00	0.70
B	B	Fidelity Fund/Fidelity	13.8	6.8	4.0	1,257	9	none	0.66
		Fidelity Growth & Income/Fidelity	— *	14.2	2.8	2,433	28	2.00	0.86
■ A	■ D	Fidelity Growth Company/Fidelity	— *	12.5	none	1,024	52	3.00	1.14
		Fidelity Low-Priced Stock Fund/Fidelity	— *	15.2	1.2	214	96	none	1.50
A+	B	Fidelity Magellan Fund/Fidelity	21.8	9.7	1.7	15,252	9	3.00	1.06
		Fidelity OTC Portfolio/Fidelity	— *	13.7	0.2	811	11	3.00	1.37
		Fidelity Real Estate Investment/Fidelity	— *	14.6	5.2	55	21	none	1.47
■ B	■ C	Fidelity Retirement Growth[1]/Fidelity	— *	-3.4	0.7	1,454	-10	none	0.98
		Fidelity Select–Biotechnology/Fidelity	— *	49.9	0.1	483	208	3.00	1.63
		Fidelity Select–Chemicals/Fidelity	— *	12.9	0.5	27	24	3.00	2.50p
D	■ C	Fidelity Select–Energy/Fidelity	— *	-5.1	0.1	86	0	3.00	1.79
		Fidelity Select–Energy Service/Fidelity	— *	-17.3	0.2	57	-29	3.00	1.82
		Fidelity Select–Environ Service/Fidelity	— *	-6.7	none	92	-29	3.00	2.03
C	■ B	Fidelity Select–Financial Services/Fidelity	—	3.3	1.7	39	74	3.00	2.49
		Fidelity Select–Food & Agriculture/Fidelity	— *	12.8	0.9	73	132	3.00	2.22

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Distributor table, page 294. Rules, page 210.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/91	Total return: Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
A+	■ D	Fidelity Select–Health Care/Fidelity	— *	45.0%	0.5%	$639	119%	3.00%	$1.53
		Fidelity Select–Leisure/Fidelity	— *	-2.6	0.9	39	-24	3.00	2.27
		Fidelity Select–Medical Delivery/Fidelity	— *	43.3	none	119	166	3.00	1.94
		Fidelity Select–Paper & Forest Prods/Fidelity	— *	21.9	1.2	71	NM	3.00	2.49p
		Fidelity Select–Regional Banks/Fidelity	— *	15.7	1.3	29	331	3.00	2.51p
		Fidelity Select–Retailing/Fidelity	— *	17.4	none	30	184	3.00	2.54p
A	■ F	Fidelity Select–Technology/Fidelity	— *	12.8	0.6	92	-1	3.00	1.83
		Fidelity Select–Telecom/Fidelity	— *	-1.8	1.8	52	-34	3.00	1.97
D	■ A	Fidelity Select–Utilities/Fidelity	— *	7.9	2.8	194	45	3.00	1.65
		Fidelity Special Sits–Plymouth[1]/Fidelity	— *	13.4	3.7	209	8	4.75	*1.58*
B	D	Fidelity Trend Fund/Fidelity	10.6%	2.2	0.5	781	-7	none	0.61
		Fidelity Utilities Income/Fidelity	— *	9.8	5.7	318	76	none	0.94
B	C	Fidelity Value Fund/Fidelity	12.8	5.8	4.2	117	-1	none	1.06
C	■ C	Fiduciary Capital Growth/Fiduciary Mgmt	— *	3.3	1.3	30	21	none	1.50
C	D	Financial Dynamics Fund/Invesco	9.8	7.9	0.6	84	15	none	*1.15*
C	D	Financial Industrial Fund/Invesco	10.5	5.5	2.0	388	-6	none	*0.78*
B	B	Financial Industrial Income/Invesco	15.6	13.2	3.5	881	54	none	*0.94*
		Financial Series–Equity/Invesco	— *	11.6	2.8	35	1	none	1.00p
		Financial Series–Flex/Invesco	— *	10.3	5.0	58	11	none	1.00
		Financial Strategic–Finl Svcs/Invesco	— *	23.5	0.1	41	NM	none	1.28
		Financial Strategic–Gold/Invesco	— *	-8.0	0.1	45	14	none	1.32
		Financial Strategic–Health Sci/Invesco	— *	41.5	0.5	360	309	none	1.12
		Financial Strategic–Technology/Invesco	— *	4.5	none	39	-16	none	1.25
		Financial Strategic–Utilities/Invesco	— *	3.1	3.8	51	73	none	1.26
		First Eagle Fund of America/First Eagle	— *	-2.5	2.4	74	-18	none§	2.00p
		First Financial Fund/closed-end	— *	9.3	2.6	66	6	NA	1.55
		First Investors Blue Chip/First Inv	— *	2.7	1.8	66	53	6.90	*1.55p*
		Flag Investors Emerging Growth/Brown	— *	-7.3	none	43	-19	4.50	*1.50p*
		Flag Investors Quality Growth/Brown	— *	9.7	1.7	53	23	4.50	*1.25p*
		Flag Investors Telephone Income/Brown	— *	4.7	4.4	200	11	4.50	*0.92p*
■ F	■ A	Flex-funds–Growth Fund[2]/Flex	— *	18.5	5.9	29	15	none	*1.46*
		Flex-funds–Muirfield Fund/Flex	— *	13.9	4.5	34	13	none	*1.52*
		Fortress Utility Fund/Federated	— *	10.8	7.1	73	95	1.75b	1.03p
B	C	Founders Blue Chip/Founders	12.9	4.7	2.2	258	0	none	*1.07*
		Founders Frontier Fund/Founders	— *	9.2	1.2	72	1	none	*1.71*
B	C	Founders Growth Fund/Founders	12.3	2.5	1.5	100	-11	none	*1.45*
A	D	Founders Special Fund/Founders	11.4	17.6	1.5	121	69	none	1.20

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Distributor table, page 294. Rules, page 210.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return Annual average 11/80 to 6/91	Total return Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
B	C	FPA Capital Fund/Angeles Secs	11.6%	6.7%	1.2%	$84	4%	6.50%	$1.21
B	A	FPA Paramount Fund/Angeles Secs	16.9	14.5	4.0	235	7	†	0.95
		FPA Perennial Fund/Angeles Secs	— *	7.5	3.5	57	-3	6.50	1.20
B	D	Franklin DynaTech Fund/Franklin	10.4	4.7	2.0	45	1	4.00	0.79
B	D	Franklin Equity Fund/Franklin	11.7	5.0	2.0	375	-7	4.00	0.72
B	B	Franklin Growth Fund/Franklin	14.7	9.0	2.1	275	49	4.00	0.73
D	B	Franklin Premier Return/Franklin	9.7	3.1	3.4	32	-23	4.00	0.85
		Franklin Rising Dividends/Franklin	— *	20.1	1.9	49	20	4.00	*1.60*
F	A+	Franklin Utilities Fund/Franklin	16.0	8.5	7.2	1,031	33	4.00	0.60
		Freedom Inv–Gold & Govt/Freedom	— *	3.6	7.3	58	-16	3.00b	*1.88*
		Freedom Inv–Regional Bank/Freedom	— *	10.8	2.9	51	-17	3.00b	*2.07*
		Freedom Inv III–Environmental/Freedom	— *	-11.2	1.3	46	-25	4.50	*1.79p*
A	B	Fundamental Investors/American Funds	15.6	2.9	3.0	965	16	5.75	*0.70*
		Gabelli Asset Fund/Gabelli	— *	8.4	4.4	442	16	none	*1.20*
		Gabelli Equity Trust/closed-end	— *	1.8	3.2	510	-5	NA	1.20
		Gabelli Growth Fund/Gabelli	— *	4.1	2.2	307	54	none	*1.50*
		Gabelli Value Fund/Gabelli	— *	6.5	4.4	779	-25	5.50	*1.39*
D	A	Gateway Index Plus Fund/Gateway	10.5	12.3	2.5	64	31	none	1.34
		General Aggressive Growth/Dreyfus	— *	5.5	1.9	55	12	none	*1.24*
A	D	General American Investors/closed-end	14.3	13.7	0.8	477	8	NA	1.07
		Gintel Capital Appreciation Fund/Gintel	— *	3.7	2.2	35	2	none	*2.10*
D	■ A	Gintel Erisa Fund/Gintel	— *	0.2	4.2	80	-10	none	*1.60*
		GIT Equity Trust–Special Growth/GIT	— *	3.7	1.5	58	34	none	1.40
		Gradison Established Growth/Gradison	— *	5.9	2.9	155	11	none	*1.39*
		Gradison Opportunity Growth/Gradison	— *	4.6	1.8	30	13	none	*1.61*
B	B	Growth Fund of America/American Funds	14.1	5.6	2.3	2,563	17	5.75	*0.79*
		Growth Fund of Washington/Washington	— *	1.3	2.1	39	-25	5.00	*1.66*
		GT Global Growth–America/GT Global	— *	-11.4	none	90	33	4.75	*2.00*
A	B	Guardian Park Ave Fund/Guardian	15.7	3.7	1.7	259	2	4.50	0.67
		GW Sierra–Growth & Income/Gt Western	— *	6.7	2.5	34	61	4.50	*1.50p*
B	D	John Hancock Growth Fund/Hancock	9.5	0.7	1.1	126	0	4.50	*1.46*
		H&Q Healthcare Investors/closed-end	— *	31.4	0.4	87	23	NA	1.65
		Harbor Capital Appreciation/HCA	— *	4.3	1.1	71	1	none	0.87
		Harbor Growth Fund/HCA	— *	12.6	0.6	193	18	none	0.93
		Harbor Value/HCA	— *	4.1	3.9	35	18	none	0.97p
A+	F	Hartwell Emerging Growth/Keystone	9.4	0.6	none	48	67	4.75	*2.50*
		Helmsman–Disciplined Equity/SEI	— *	1.8	3.7	74	5	none	*0.35p*

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Distributor table, page 294. Rules, page 210.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 11/80 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
		Helmsman–Growth Equity/SEI	— *	8.6%	1.6%	$54	68%	none	*$0.41p*
		Helmsman–Income Equity/SEI	— *	7.5	4.4	74	98	none	*0.49p*
		Heritage Capital Appreciation/Heritage	— *	0.9	2.7	61	-8	4.00%	*1.93p*
		HighMark Income Equity/Winsbury	— *	7.0	4.9	46	8	none	*1.13p*
		HT Insight–Equity Fund/TBC	— *	3.9	3.1	30	42	4.50	*1.00p*
		Wayne Hummer Growth Fund/Hummer	— *	13.1	2.2	37	38	none	1.36
A	B	IAI Regional Fund/IAI Funds	16.0%	8.2	1.8	325	70	none	*1.01*
C	B	IAI Stock Fund/IAI Funds	13.2	-2.0	1.8	93	16	none	*1.05*
		IDEX Fund/Idex	— *	8.0	1.1	161	73	8.50	1.30
		IDEX II/Idex	— *	8.3	1.2	98	6	5.50	*1.41*
		IDEX Fund 3/Idex	— *	8.3	1.3	170	4	†	1.31
		IDS Blue Chip Advantage/IDS	— *	7.0	2.3	54	214	5.00	*0.85p*
B	■ D	IDS Discovery Fund/IDS	— *	4.4	1.2	189	10	5.00	*0.79*
B	C	IDS Equity Plus/IDS	12.7	6.9	2.2	397	-1	5.00	0.66
A+	D	IDS Growth Fund/IDS	13.3	2.3	1.9	739	-6	5.00	0.89
		IDS Managed Retirement Fund/IDS	— *	4.3	2.6	874	10	5.00	0.89
A	C	IDS New Dimensions Fund/IDS	16.4	12.2	2.0	1,316	44	5.00	0.88
D	B	IDS Progressive Fund/IDS	11.2	-0.2	3.5	131	-16	5.00	0.98
C	B	IDS Stock Fund/IDS	12.7	8.8	4.1	1,418	3	5.00	0.64
		IDS Strategy–Aggressive Equity/IDS	— *	3.3	1.2	352	11	5.00b	*1.61*
		IDS Strategy–Equity/IDS	— *	7.5	3.1	386	15	5.00b	*1.66*
		IDS Utilities Income/IDS	— *	7.4	6.2	252	28	5.00	0.88
		Inefficient-Market Fund/closed-end	— *	1.5	5.2	47	-7	NA	1.32
B	B	Investment Co of America/American Funds	15.9	8.3	3.7	7,643	30	5.75	*0.55*
C	D	ITB–Growth Opportunities/TNE	8.7	7.5	3.0	62	0	5.75	*1.18*
A	D	Investors Research Fund/Diversified	10.9	5.6	4.8	61	-9	6.75	0.85
C	A	Ivy Growth Fund/Ivy	15.6	7.3	2.0	209	3	none	1.29
B	A	Janus Fund/Janus	16.4	7.4	1.9	1,960	57	none	0.96
		Janus Twenty Fund/Janus	— *	10.8	1.0	547	166	none	*1.07p*
		Janus Venture Fund/Janus	— *	11.9	0.3	745	221	none	*1.08p*
D	B	JP Growth Fund/Jefferson-Pilot	12.9	3.8	2.2	28	2	5.50	0.88
		Kaufmann Fund/Kaufmann	— *	8.7	none	68	30	none§	*3.45p*
		Kemper Blue Chip Fund/Kemper	— *	7.9	1.3	51	47	5.75	1.58
		Kemper Environmental Services/Kemper	— *	-1.5	none	65	-6	5.75	1.38
A	D	Kemper Growth Fund/Kemper	13.0	15.0	1.0	487	31	5.75	1.01
		Kemper Invest–Equity/Kemper	— *	9.1	none	372	10	3.00b	*2.34*
A	D	Kemper Summit Fund/Kemper	11.6	9.7	1.3	241	-11	5.75	0.86

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Distributor table, page 294. Rules, page 210.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 11/80 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
C	D	Kemper Technology Fund/Kemper	9.2%	-1.3%	1.9%	$538	-9%	5.75%	$0.82
A	D	Keystone America Omega/Keystone	10.1	11.1	1.5	47	9	4.75	*1.73*
B	D	Keystone Custodian K-2/Keystone	10.5	5.5	2.0	301	-7	4.00b	*1.64*
C	C	Keystone Custodian S-1/Keystone	10.2	6.1	2.0	164	-12	4.00b	*2.41*
B	D	Keystone Custodian S-3/Keystone	11.0	6.5	0.9	243	-8	4.00b	*1.58*
A	F	Keystone Custodian S-4/Keystone	6.3	6.6	none	561	-1	4.00b	*1.71*
		Kidder, Peabody Equity Income/Kidder	— *	11.2	2.4	90	36	4.00	*1.45*
		Legg Mason Special Investment/Legg Mason	— *	14.3	1.8	122	54	none	*2.16*
		Legg Mason Total Return Trust/Legg Mason	— *	2.5	2.9	26	5	none	*2.50*
■C	■B	Legg Mason Value Trust/Legg Mason	— *	-5.2	2.5	668	-19	none	*1.89p*
B	B	Lexington Corp Leaders Trust/Lexington	14.1	2.7	3.5	91	-2	none	0.67
C	C	Lexington Growth & Income[1]/Lexington	11.0	0.4	1.6	112	-7	none	1.04
B	F	Lexington Worldwide Emerg Mkts[2]/Lexington	7.1	-0.9	2.6	26	-8	none	1.42
		Liberty All-Star Equity Fund/closed-end	— *	12.1	9.4	530	2	NA	1.23
		Liberty Utility Fund/Federated	— *	10.9	7.0	177	173	4.50	1.02p
		Lindner Dividend Fund/Lindner	— *	8.9	8.5	186	21	none	0.87
D	A+	Lindner Fund/Lindner	16.8	-0.1	4.8	783	9	none	0.83
C	D	Lord Abbett Developing Growth/Lord Abbett	7.0	2.4	0.2	127	-10	6.75	*1.31*
■B	■C	Lord Abbett Value Appreciation/Lord Abbett	— *	4.4	2.5	155	-12	6.75	*1.18*
D	A	Lutheran Brotherhood Fund/Lutheran	14.1	5.1	1.8	322	3	5.00	1.05
		Mackenzie American Fund/Mackenzie	— *	-5.9	1.1	44	-20	5.75	*2.22*
		MainStay–Capital Appreciation/NYLife	— *	9.1	none	52	27	5.00b	*2.46*
		MainStay–Value Fund/NYLife	— *	11.9	1.7	40	20	5.00b	*2.48*
A	C	Mairs & Power Growth Fund/Mairs & Power	13.8	19.0	1.3	28	15	none	1.05
B	C	Horace Mann Growth Fund/Mann	12.1	9.1	3.6	114	9	†	0.78
B	C	Mass Capital Development Fund/Mass Finl	11.4	5.2	2.4	709	-9	5.75	*0.80*
B	D	Mass Financial Development/Mass Finl	10.7	0.3	2.8	213	-11	5.75	*0.83*
A	■D	Mass Financial Emerging Growth/Mass Finl	— *	2.6	none	188	-10	5.75	*1.40*
■B	■D	Mass Financial Special Fund/Mass Finl	— *	-4.0	1.0	107	-15	5.75	*1.51*
C	C	Mass Investors Growth Stock/Mass Finl	11.1	1.9	0.3	873	-6	5.75	*0.53*
B	C	Mass Investors Trust/Mass Finl	12.8	5.2	3.1	1,384	-2	5.75	*0.47*
C	C	Mathers Fund/Mathers	11.3	8.6	5.4	436	79	none	0.98
C	B	Merrill Lynch Basic Value#/ML Funds	14.6	5.3	5.1	2,365	-5	6.50	NA
C	A	Merrill Lynch Capital Fund#/ML Funds	15.6	8.7	5.1	2,011	45	6.50	0.58
		Merrill Lynch Devel Capital Mkts/ML Funds	— *	-4.0	6.2	112	8	4.00§	NA
		Merrill Lynch Fund for Tomorrow#/ML Funds	— *	6.5	2.4	444	-16	6.50	0.96
		Merrill Lynch Grow Inv & Retire#/ML Funds	— *	7.4	none	770	34	6.50	0.87

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Distributor table, page 294. Rules, page 210.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return Annual average 11/80 to 6/91	Total return Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
		Merrill Lynch Natural Res#/ML Funds	— *	0.8%	2.9%	$318	-22%	6.50%	$0.97
D	D	Merrill Lynch Special Value#/ML Funds	3.6%	-0.8	1.3	53	-6	6.50	1.88
		Merrill Lynch Strategic Div#/ML Funds	— *	2.0	6.0	316	-18	6.50	0.91
		Merriman Timed Capital Apprec/Merriman	— *	11.3	2.5	41	126	none	1.52p
		MetLife-State Street Cap Apprec/MetLife	— *	-1.7	0.4	63	7	4.50	*1.50p*
		MetLife-State Street Equity Inc/MetLife	— *	-6.4	5.8	45	-9	4.50	*1.50p*
		MetLife-State Street Equity Inv/MetLife	— *	-6.1	1.7	36	0	4.50	*1.50p*
		MFS Lifetime Capital Growth/Mass Finl	— *	8.1	1.2	281	19	6.00b	*2.38*
		MFS Lifetime Emerging Growth/Mass Finl	— *	9.4	none	106	5	6.00b	*2.75*
		MFS Lifetime Managed Sectors/Mass Finl	— *	-1.2	none	166	-15	6.00b	*2.50*
		MFS Lifetime Total Return/Mass Finl	— *	8.5	4.2	242	13	6.00b	*2.37*
		MFS Managed Sectors Trust/Mass Finl	— *	-0.4	0.2	108	-14	5.75	*1.77*
		Morgan Grenfell SmallCap Fund/closed-end	— *	-2.4	none	56	-6	NA	2.01
C	C	MSB Fund/Nationar	11.6	1.6	2.2	42	-18	none	1.39
A	B	Mutual Benefit Fund/Mutual Benefit	15.9	6.1	3.0	42	10	4.75	1.01
B	C	Mutual of Omaha Growth/Mutual of Omaha	11.6	-6.0	0.9	66	8	4.75	*1.29*
D	C	Mutual Series-Beacon/Heine Secs	10.6	2.6	3.8	448	-2	none	0.85
D	A+	Mutual Series-Mutual Shares/Heine Secs	15.3	4.1	4.4	2,705	-13	†	0.85
D	A+	Mutual Series-Qualified/Heine Secs	17.1	4.3	5.0	1,157	-14	†	0.89
D	C	National Industries Fund/Stonebridge	6.5	7.8	1.6	33	0	none	1.70
D	B	National Stock Fund/National Secs	11.1	2.9	1.6	207	-8	5.75	*1.41*
B	B	Nationwide Fund/Nationwide	15.3	11.8	2.5	565	11	7.50	0.62
C	B	Nationwide Growth Fund/Nationwide	14.6	4.7	3.3	245	0	7.50	0.68
		N & B Genesis Fund/N & B	— *	4.4	0.6	26	18	none§	2.00p
B	C	N & B Guardian Fund/N & B	13.4	8.5	2.6	582	4	none	0.86
A	C	N & B Manhattan Fund/N & B	14.1	3.8	1.5	398	-7	none	1.20
D	A	N & B Partners Fund/N & B	14.1	5.1	4.2	824	4	none	0.91
D	C	N & B Selected Sectors Plus Energy/N & B	8.3	2.5	1.9	387	-7	none	0.92
A	F	Neuwirth Fund/Wood Struthers	8.4	8.0	1.4	27	9	none	1.98
		New Economy Fund/American Funds	— *	0.7	2.5	891	-3	5.75	*0.92*
D	A	New England Balanced/TNE	11.3	5.6	3.9	59	1	6.50	*1.58*
A	B	New England Growth Fund/TNE	18.0	12.8	0.6	734	15	6.50	*1.23*
C	B	New England Retirement Equity/TNE	13.2	1.9	2.6	141	-3	6.50	*1.31*
A	C	New York Venture Fund/Venture	15.5	6.9	2.0	377	8	4.75	*1.00*
B	D	Newton Growth Fund/Newton	10.2	5.4	3.4	35	0	none	1.30
D	D	Niagara Share Corp/closed-end	7.4	-2.8	3.7	222	-6	NA	1.13
		Nicholas-Applegate Growth Eq#/Prudential	— *	1.9	0.2	103	-28	5.25	*1.16*

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Distributor table, page 294. Rules, page 210.

STOCK FUNDS

FUND SURVEY

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 11/80 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
B	A	Nicholas Fund/Nicholas	16.2%	11.7%	1.7%	$1,715	13%	none	$0.81
		Nicholas II/Nicholas	— *	13.3	1.5	454	6	none	0.72
		Nicholas Limited Edition/Nicholas	— *	14.8	0.8	115	61	none	1.07
B	C	Northeast Investors Growth/Northeast Inv	11.9	9.8	0.9	32	17	none	1.60
		Olympic Trust–Equity Income/Olympic	— *	6.9	3.8	63	-3	none	1.00p
		Oppenheimer Discovery/Oppenheimer	— *	6.9	0.9	87	40	4.75%	*1.54*
B	B	Oppenheimer Equity Income/Oppenheimer	14.9	3.7	5.4	1,393	5	8.50	0.78
C	F	Oppenheimer Fund/Oppenheimer	5.9	11.7	2.3	203	3	8.50	1.10
F	A+	Oppenheimer Premium Income[1]/Oppenheimer	12.0	4.3	4.0	169	-30	8.50	1.01
D	C	Oppenheimer Special Fund/Oppenheimer	9.3	9.4	2.5	551	0	8.50	0.93
■C	■D	Oppenheimer Target[2]/Oppenheimer	— *	6.3	1.5	314	149	5.75	1.33
A	D	Oppenheimer Time Fund/Oppenheimer	12.8	2.5	3.6	309	-8	8.50	0.95
B	C	Oppenheimer Total Return/Oppenheimer	11.0	5.4	3.5	455	7	5.75	*0.98*
		Oppenheimer Value Stock[3]/Oppenheimer	— *	9.6	2.8	46	11	5.75	*1.30p*
D	B	Over-the-Counter Securities Fund/USF&G	10.5	-3.1	0.6	245	-16	5.75	*1.47*
		Pacific Horizon–Aggres Growth/Concord Finl	— *	17.3	none	118	18	4.50	*1.55p*
		PaineWebber Blue Chip Growth[4]/PaineWebber	— *	0.6	0.3	106	-2	5.00b	*2.27*
		PaineWebber Dividend Growth/PaineWebber	— *	8.0	2.1	193	198	4.50	*1.50*
		PaineWebber Growth Fund/PaineWebber	— *	6.6	1.0	85	1	4.50	*1.62*
		PaineWebber Regional Finl Grow/PaineWebber	— *	21.2	2.3	43	-14	4.50	*1.67*
		Parkstone Equity/Winsbury	— *	-0.5	3.9	299	21	4.50	1.15p
		Parkstone High Income Equity/Winsbury	— *	8.2	4.7	151	57	4.50	1.18p
		Parkstone Small Cap Value/Winsbury	— *	-6.8	1.1	108	14	4.50	1.20p
		Parnassus Fund/Parnassus	— *	3.8	0.8	29	10	3.50	1.61
		Pasadena Growth Fund/Pasadena Growth	— *	10.0	none	155	200	5.50	2.20
		Patriot Premium Dividend Fund/closed-end	— *	9.2	10.8	193	0	NA	1.45
C	B	Penn Square Mutual Fund/Penn Square	13.1	7.0	3.6	212	0	4.75	*0.94*
B	B	Pennsylvania Mutual Fund/Penn Mutual	14.0	5.0	2.3	703	3	none§	0.94
D	D	Petroleum & Resources Corp/closed-end	5.8	1.9	3.8	313	-2	NA	0.62
D	C	Philadelphia Fund/Baxter	8.1	-4.0	2.7	89	-11	none	*1.19*
A	A	Phoenix Growth Fund/Phoenix	18.3	13.5	2.6	977	29	4.75	*1.08*
		Phoenix Multi–Capital Apprec/Phoenix	— *	27.5	1.1	65	480	4.75	*1.50*
B	■B	Phoenix Stock Fund/Phoenix	— *	7.4	1.2	120	-4	4.75	*1.16*
D	■A	Phoenix Total Return/Phoenix	— *	13.1	4.6	32	2	4.75	*1.58*
		Pierpont Capital Appreciation[5]/TBC	— *	-1.9e	none	59	23	none	0.98p
		Pierpont Equity Fund[5]/TBC	— *	14.2e	2.5	55	38	none	0.95p
C	C	Pilgrim MagnaCap Fund[6]/Pilgrim	10.8	5.4	1.5	200	-11	4.75	*1.60*

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Distributor table, page 294. Rules, page 210.

STOCK FUNDS

FUND SURVEY

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return Annual average 11/80 to 6/91	Total return Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
		Pilgrim Regional Bankshares/closed-end	— *	14.4%	6.4%	$92	3%	NA	$1.29
C	C	Pine Street Fund/Fund/Plan	10.4%	3.8	3.3	47	-7	none	1.21p
C	C	Pioneer Fund/Pioneer	10.4	3.7	3.2	1,553	-1	8.50%	0.78
B	C	Pioneer II/Pioneer	12.8	-1.4	3.2	3,999	-9	8.50	0.84
■ B	■ B	Pioneer Three/Pioneer	— *	6.3	2.6	681	-4	8.50	0.77
		Piper Jaffray Emerging Growth/Piper	— *	14.7	0.3	41	265	4.00	*1.30p*
		Piper Jaffray Value Fund/Piper	— *	13.3	1.3	86	64	4.00	*1.32p*
		Plymouth Growth Opportunities/Fidelity	— *	16.3	0.9	137	144	4.75	*1.94*
		Portico–Equity Index Fund/Sunstone	— *	7.1	2.7	46	28	none	0.50p
		Portico–Income & Growth Fund/Sunstone	— *	8.8	4.0	88	41	none	0.75p
		Portico–Special Growth Fund/Sunstone	— *	21.6	1.4	71	58	none	0.75p
		T Rowe Price Capital Appreciation/Price	— *	10.7	3.4	180	11	none	1.25p
		T Rowe Price Equity Income Fund/Price	— *	9.8	5.4	1,112	11	none	1.09
■ C	■ B	T Rowe Price Growth & Income/Price	— *	7.1	5.0	582	4	none	0.97
C	D	T Rowe Price Growth Stock Fund/Price	9.7	0.9	2.6	1,577	-3	none	0.85
		T Rowe Price New America Growth/Price	— *	6.2	0.9	159	13	none	1.25p
C	D	T Rowe Price New Era Fund/Price	8.6	2.1	3.1	765	-2	none	0.87
B	D	T Rowe Price New Horizons Fund/Price	8.0	3.2	0.7	1,191	13	none	0.90
		T Rowe Price Science & Technology/Price	— *	2.9	0.7	137	58	none	1.25p
		T Rowe Price Small-Cap Value Fund/Price	— *	4.1	2.4	43	32	none	1.25p
		T Rowe Price Spectrum Growth/Price	— *	3.1	1.9	86	NM	none	0.95
		Primary Trend Fund/Primary Trend	— *	10.7	4.9	33	-14	none	1.20
C	A	Princor Capital Accumulation/Princor	14.1	7.9	2.0	144	4	5.00	*1.10*
A	D	Princor Growth Fund/Princor	11.1	12.2	1.6	41	15	5.00	*1.24*
C	B	ProvidentMutual Growth/Provident	12.8	3.8	0.2	121	-22	6.00	*1.64*
D	B	ProvidentMutual Investment Shrs/Provident	12.7	-5.4	0.9	188	-17	6.00	*1.37*
B	■ B	Prudential Equity Fund#/Prudential	— *	14.6	3.0	820	25	4.50	*1.01*
		Prudential Equity Income#/Prudential	— *	9.2	3.3	141	-4	5.25	*1.42*
		Prudential FlexiFund–Conserv#/Prudential	— *	7.8	4.1	162	4	5.25	*1.27*
		Prudential FlexiFund–Strategy[1]#/Prudential	— *	10.6	3.2	216	23	5.25	*1.30*
B	■ D	Prudential Growth Oppor#/Prudential	— *	6.0	0.7	131	-2	5.25	*1.48*
		Prudential Multi-Sector#/Prudential	— *	7.1	3.3	139	-1	5.25	*1.35*
■ C	■ B	Prudential Option Growth#/Prudential	— *	2.5	2.2	51	-17	5.25	*1.96*
■ B	■ C	Prudential Research Fund#/Prudential	— *	1.4	1.7	266	-18	5.25	*1.46*
D	■ A	Prudential Utility Fund#/Prudential	— *	4.5	5.2	2,513	1	5.25	*0.97*
D	F	Putnam Energy-Resources Trust/Putnam	1.6	1.1	3.1	120	-5	5.75	*1.60*
C	B	Putnam Fund for Growth & Inc/Putnam	13.6	8.5	5.1	2,395	12	5.75	*1.07*

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[1] Formerly Prudential FlexiFund–Aggressive.

Distributor table, page 294. Rules, page 210.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 11/80 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
A	■ D	Putnam Health Sciences Trust/Putnam	— *	22.3%	1.2%	$567	63%	5.75%	*$1.29*
		Putnam Information Sciences/Putnam	— *	-5.3	0.7	87	-16	5.75	*1.79*
B	D	Putnam Investors Fund/Putnam	11.5%	6.7	1.9	709	-1	5.75	*0.98*
		Putnam Option Income Trust II/Putnam	— *	9.3	3.2	722	-22	6.75	*1.11*
■ A	■ C	Putnam OTC Emerging Growth/Putnam	— *	-3.8	none	220	7	5.75	*1.55*
D	B	Putnam Strategic Income/Putnam	10.3	7.5	3.5	466	-40	5.75	*1.15*
A	B	Putnam Vista Fund/Putnam	14.9	7.7	1.5	267	2	5.75	*1.05*
A+	D	Putnam Voyager Fund/Putnam	14.8	11.8	0.8	918	14	5.75	*1.21*
C	A+	Quest for Value Fund/Quest	17.9	6.6	1.6	66	-4	5.50	*1.93*
		Quest for Value Dual–Capital[1] Quest for Value Dual–Income	— *	11.7	4.9	557	3	none	0.82
		Reich & Tang Equity Fund/Reich & Tang	— *	6.4	2.6	79	-28	none	1.12
		Rightime Blue Chip Fund/Lincoln Inv	— *	16.4	1.9	179	45	4.75	*2.30*
		Rightime Fund/Lincoln Inv	— *	15.5	1.7	161	8	none	*2.55*
		Rightime Growth Fund/Lincoln Inv	— *	5.5	2.1	42	-9	4.75	*1.92*
		Robertson Stephens Emerging Growth[2]/Robertson	— *	8.8	none	64	233	none	*1.50*
		Rodney Square Multi-Mngr–Growth/Rodney Sq	— *	3.6	0.9	48	10	5.75	*1.50p*
		Royce–Equity Income/Quest Dist	— *	3.1	4.2	40	76	4.50b	0.96p
■ C	■ B	Royce Fund–Value/Quest Dist	— *	2.7	1.8	169	-12	4.50b	*1.89p*
		Royce Value Trust/closed-end	— *	3.8	1.6	151	8	NA	0.90
		RPF of America–Equity Fund/Venture	— *	11.6	1.2	31	4	5.00b	*2.62*
		Rushmore–Nova/Rushmore	— *	0.5	1.5	95	49	none	1.22
B	C	Safeco Equity Fund/Safeco	11.8	1.9	1.8	67	4	none	0.97
B	C	Safeco Growth Fund/Safeco	11.2	5.4	0.4	121	38	none	0.95
D	A	Safeco Income Fund/Safeco	13.5	4.2	5.5	180	-13	none	0.95
		St Clair Equity–Capital Growth/Fairfield	— *	9.1	1.0	57	184	none	1.38p
		Salem Funds–Growth[3]/Federated	— *	8.5	3.2	273	160	4.00	*1.02*
B	B	Salomon Brothers Capital/Salomon	13.3	-3.7	1.4	80	9	5.00	1.44
C	B	Salomon Brothers Fund/closed-end	12.1	5.2	3.3	1,017	0	NA	0.46
C	B	Salomon Brothers Investors/Salomon	12.3	2.6	3.3	353	-7	5.00	0.68
C	B	Salomon Brothers Opportunity/Salomon	14.3	4.4	2.6	99	-9	none	1.34
		SBSF–Growth Fund/SBSF	— *	2.7	3.8	101	2	none	*1.15*
■ D	■ B	Sci/Tech Holdings/ML Funds	— *	-0.7	5.6	133	-15	6.50	1.77
A	C	Scudder Capital Growth/Scudder	13.2	-0.4	2.2	934	-6	none	1.07
C	D	Scudder Development Fund/Scudder	10.3	10.3	none	479	33	none	1.36
C	C	Scudder Growth & Income Fund/Scudder	10.8	6.9	4.6	569	13	none	1.04
■ C	■ C	Security Action Fund/Security Dist	— *	-4.0	0.6	267	6	**	0.80

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Distributor table, page 294. Rules, page 210.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return Annual average 11/80 to 6/91	Total return Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
A	D	Security Equity Fund/Security Dist	11.3%	8.2%	2.7%	$270	0	5.75%	$1.08p
D	C	Security Investment Fund/Security Dist	7.8	10.6	7.4	76	-1%	5.75	1.30p
D	F	Security Ultra Fund/Security Dist	4.0	-15.0	none	60	4	5.75	2.08p
C	A	Selected American Shares/Kemper Secs	15.5	16.7	2.7	557	35	none	*1.10*
B	D	Selected Special Shares/Kemper Secs	10.4	2.7	1.9	59	-1	none	*1.26*
A+	D	Seligman Capital Fund/Seligman	13.1	10.7	none	134	1	4.75	0.92
B	B	Seligman Common Stock Fund/Seligman	13.5	4.1	3.3	459	-8	4.75	0.66
		Seligman Communications & Info/Seligman	—*	-6.8	none	40	-13	4.75	1.67
B	D	Seligman Growth Fund/Seligman	10.2	6.2	1.3	531	-5	4.75	0.71
C	A	Sentinel Common Stock Fund/Equity	15.7	9.2	3.8	605	1	8.50	0.75
A	D	Sentinel Growth Fund/Equity	12.8	1.8	1.2	56	-1	5.25	1.15
B	D	Sentry Fund/Sentry	11.1	12.3	2.5	57	11	none	0.69
D	A+	Sequoia Fund/Ruane	18.1	7.4	2.9	1,029	5	†	1.00p
		Shearson Aggressive Growth/Shearson	—*	-2.1	none	122	14	5.00	1.17
B	B	Shearson Appreciation/Shearson	15.0	6.6	2.7	1,410	26	5.00	0.84
		Shearson Equity–Growth & Oppor/Shearson	—*	4.2	2.4	138	-24	5.00b	*1.01p*
		Shearson Equity–Sector Analysis/Shearson	—*	13.0	3.1	177	-17	5.00b	*2.1[illegible]*
		Shearson Equity–Strategic Inv/Shearson	—*	8.2	3.0	206	-5	5.00b	*2.05*
D	■B	Shearson Fundamental Value/Shearson	—*	0.1	3.8	56	-32	5.0[illegible]	[illegible]
		Shearson Income–Option Inc/Shearson	—*	12.3	8.7	456	-13	5.00b	*1.74*
		Shearson Invest–Directions Val/Shearson	—*	1.9	1.3	248	-19	5.00b	*1.83*
		Shearson Invest–European/Shearson	—*	-13.0	1.3	28	7	5.00b	*2.98*
D	■B	Shearson Invest–Growth/Shearson	—*	0.4	4.4	702	-18	5.00b	*1.85*
■D	■D	Shearson Invest–Special Equities/Shearson	—*	-16.4	3.1	73	-39	5.00b	*2.35*
		Shearson Multiple Oppors LP/Shearson	—*	2.5	1.8	142	-29	3.00b	*3.02p*
		Shearson 1990s Fund/Shearson	—*	-2.1	none	46	33	5.00	*1.83*
		Shearson Small Capitalization/Shearson	—*	-13.9	none	34	2	5.00	1.53
		Shearson Telecommun–Growth/Shearson	—*	-4.1	1.8	32	-16	5.00	1.24
■A	■C	Sit New Beginning Growth Fund/Sit	—*	14.1	0.8	126	71	none	1.10
		Skyline Fund–Special Equities/Mesirow	—*	7.2	0.8	34	33	3.85	*1.59*
C	C	Smith Barney Equity Fund/Smith Barney	11.2	3.5	2.8	80	-4	4.50	*0.89*
D	A	Smith Barney–Income & Grow/Smith Barney	14.9	4.5	6.0	555	-5	4.50	*0.59*
C	A+	SoGen International Fund/SoGen	16.1	3.5	4.0	262	34	3.75	*1.30*
		Sound Shore Fund/Sound	—*	3.9	3.6	32	-16	none	1.33
D	A+	Source Capital/closed-end	15.6	5.1	3.8	304	-2	NA	0.97
		SAM Small Cap Fund/Southeastern	—*	-11.3	2.6	57	-13	none	1.43
		SAM Value Trust/Southeastern	—*	10.2	0.6	161	9	none	1.32

■ Fund rated for two periods only; maximum allowable grade A. * Fund not in operation for full period. † Closed to new investors. § Distributor may impose redemption fee, which proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/91	Total return: Last 12 months	Yield	Assets: 6/30/91 ($mil)	Assets: % change [illegible] 90	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
		Southeastern Growth Fund/Wheat First	— *	9.5%	0.5%	$93	-12%	5.00b%	*$2.25p*
D	A	Sovereign Investors/Sovereign	15.1%	12.1	4.3	106	32	5.00	*1.14*
		Spartan Market Index/Fidelity	— *	7.3	3.1	130	348	none	0.28p
B	D	State Bond Common Stock Fund/State Bond	10.8	7.3	1.9	40	3	4.75	*1.19*
C	B	State Bond Diversified Fund/State Bond	12.8	9.8	3.9	26	8	4.75	*0.96*
B	C	State Street Investment Trust/MetLife	12.2	3.9	2.8	584	0	4.50	0.50
B	F	SteinRoe Capital Opportunities/Stein Roe	4.8	-9.3	0.8	111	-31	none	1.29
A	C	SteinRoe Special Fund/Stein Roe	14.9	2.8	1.9	544	21	none	1.03
A	D	SteinRoe Stock Fund/Stein Roe	9.6	4.5	2.0	266	10	none	0.72
D	A+	Stratton Monthly Dividend Shares/Stratton	12.9	12.2	8.9	33	4	none	1.27
		Strong Discovery Fund/Strong	— *	13.8	1.1	91	27	2.00	1.70
		Strong Opportunity Fund/Strong	— *	1.1	2.1	146	-18	2.00	1.70
		SunAmerica Capital Apprec/SunAmerica	— *	-12.2	0.5	116	-36	5.00b	*2.51*
		SunAmerica Equity–Aggress Grow/SunAmerica	— *	1.4	none	32	-17	5.75	*2.05*
		SunAmerica Equity–Growth/SunAmerica	— *	-0.8	2.6	30	-26	5.75	*1.84*
		Thomson Fund–Growth#/Thomson	— *	6.3	1.0	489	34	5.50	*1.16*
		Thomson Fund–Opportunity#/Thomson	— *	9.2	none	48	8	5.50	*1.33*
		Tower–Capital Appreciation/Federated	— *	3.1	2.7	78	13	4.50	*0.70p*
C	C	Transamerica Capital Apprec[1]/Transamerica	9.7	-1.9	0.0	77	9	4.75	*1.54*
		Transamerica Special Emerg Grow/Transamerica	— *	9.7	none	26	60	6.00b	*3.11*
C	■C	Transamerica Sunbelt Growth/Transamerica	— *	-1.9	1.4	25	-18	4.75	*2.05*
B	C	Tri-Continental Corp/closed-end	12.7	3.5	3.1	1,679	-1	NA	0.56
		20th Century Giftrust Investors/20th Century	— *	-4.4	none	41	21	none	1.00
A+	D	20th Century Growth Investors/20th Century	12.3	4.0	0.6	2,545	24	none	1.00
		20th Century Heritage Investors/20th Century	— *	-1.9	1.4	250	13	none	1.00
A	C	20th Century Select Investors/20th Century	15.0	1.3	1.8	3,764	14	none	1.00
A+	■F	20th Century Ultra Investors/20th Century	— *	30.1	none	1,147	189	none	1.00
		20th Century Vista Investors/20th Century	— *	-3.7	none	541	10	none	1.00
■C	■B	UMB Stock Fund/Jones & Babson	— *	8.6	3.8	53	11	none	NA
C	B	United Accumulative Fund/Waddell	13.8	1.7	3.4	850	-3	8.50	0.63
A	A	United Income Fund/Waddell	17.7	4.7	3.0	1,894	9	8.50	0.67
■C	■C	United New Concepts Fund/Waddell	— *	23.7	1.3	86	31	8.50	1.36
C	C	United Science & Energy Fund/Waddell	11.4	5.7	1.6	281	7	8.50	0.87
		US Boston Inv–Growth & Income[2]/US Boston	— *	7.4	1.5	40	8	1.00b	*1.80*
B	C	US Trend Fund/Capstone	11.1	5.8	2.7	91	0	4.75	0.98
B	B	United Vanguard Fund/Waddell	14.1	0.2	2.4	804	-1	8.50	0.99
B	■D	USAA Mutual–Aggressive Growth/USAA	— *	5.8	0.6	178	13	none	0.91

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Distributor table, page 294. Rules, page 210.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 11/80 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Standard & Poor's 500 stock average	14.2%	7.4%	3.3%				
		Forbes stock fund composite	12.2%	6.0%	2.6%				$1.29
C	D	USAA Mutual–Growth Fund/USAA	8.7%	6.2%	3.0%	$290	16%	none	$1.16
		USAA Mutual–Income Stock/USAA	— *	11.5	5.4	133	54	none	0.90
		UST Master Funds–Equity/UST Secs	— *	1.3	2.0	36	16	4.50%	1.23
		Value Line Convertible Fund/Value Line	— *	3.1	7.1	37	–20	none	1.19
C	C	Value Line Fund/Value Line	10.8	8.5	1.6	240	13	none	0.71
D	A	Value Line Income Fund/Value Line	12.5	11.3	5.4	149	3	none	0.77
B	B	Value Line Leveraged Growth Inv/Value Line	14.0	11.0	1.4	281	8	none	0.96
D	D	Value Line Special Situations/Value Line	4.9	4.1	1.1	114	–4	none	1.11
		Van Kampen Merritt Gr & Inc/Van Kampen	— *	10.6	2.7	25	–2	4.90	*1.84*
		Vanguard Equity Income Fund/Vanguard	— *	1.4	6.6	474	11	none	0.53
D	D	Vanguard Explorer Fund/Vanguard	7.6	6.7	1.0	326	12	none	0.64
		Vanguard Gemini II Capital[1] Vanguard Gemini II Income	— *	5.5	6.5	272	–3	none	0.55
B	C	Vanguard Index–500 Portfolio/Vanguard	13.8	7.2	3.3	3,044	29	none[2]	0.19
		Vanguard Index–Extended Mkt/Vanguard	— *	4.6	2.3	255	38	none[2]	0.21
A	C	Vanguard/Morgan Growth/Vanguard	13.1	7.4	2.8	895	18	none	0.55
		Vanguard Primecap Fund/Vanguard	— *	7.0	0.9	391	26	none	0.75
		Vanguard Quantitative Portfolios/Vanguard	— *	7.5	3.1	272	34	none	0.45
C	D	Vanguard Small Cap Stock/Vanguard	7.0	2.2	1.6	97	107	none[2]	0.23
		Vanguard Special–Energy/Vanguard	— *	–1.2	3.1	135	32	none§	0.35
		Vanguard Special–Health Care/Vanguard	— *	24.1	1.7	349	160	none§	0.36
C	B	Vanguard Trustees Comm–US/Vanguard	12.8	2.0	4.0	110	–9	none	0.52
B	A	Vanguard Windsor Fund/Vanguard	16.9	2.4	6.2	7,709	–3	†	0.33
		Vanguard Windsor II/Vanguard	— *	7.6	5.1	2,923	16	none	0.51
		Vista Growth & Income/Vista	— *	21.3	2.0	30	30	4.50	*1.09p*
B	A	Washington Mutual Investors/American Funds	16.9	8.5	4.2	6,792	27	5.75	*0.77*
		Weitz Series Fund–Value/Weitz Secs	— *	8.4	2.4	29	19	none	1.49
		Westcore–Basic Value Fund/Westcore	— *	5.7	3.4	99	–27	4.50	0.90p
		Westcore–MIDCO Growth/Westcore	— *	22.1	0.5	127	52	4.50	0.78p
		Westcore–Modern Value Equity/Westcore	— *	8.6	2.4	26	3	4.50	0.84p
		Westwood Fund/Furman Selz	— *	2.2	4.5	50	–10	4.00	1.26
D	D	Winthrop Focus Funds–Growth[3]/National Finl	7.4	–0.2	1.9	48	–8	4.00b	*1.40*
C	C	WPG Growth & Income[4]/Weiss	11.5	2.3	1.8	34	–7	none	1.47
A	C	WPG Tudor Fund/Weiss	15.1	1.9	1.2	212	5	none	1.10
		Zweig Fund/closed-end	— *	10.4	5.7	422	4	NA	*1.27*
		Zweig Series–Priority Selec[5]/Zweig	— *	10.4	0.5	45	–6	5.50	*1.77*
		Zweig Total Return/closed-end	— *	8.9	6.2	594	1	NA	1.09

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Distributor table, page 294. Rules, page 210.

FUND SURVEY

Closed-end stock funds

WHY DO presumably rational people buy closed-end funds when they first come out? This is one of the great mysteries on Wall Street.

Closed-ends funds are issued at a premium to net asset value. That is, the buyer pays $1 for only 93 cents or so of assets. So far, the investor isn't any worse off than he or she would be investing in an open-end fund carrying a 7% load. But the economics get worse. If the investor wants out he has to sell his shares in the open market, like shares of stock. For this, he will incur a second brokerage commission. Moreover, if demand for this fund is weak in the secondary market, the share price will sink to a discount to the fund's net asset value.

The next question is why more people don't buy closed-ends in the secondary market when their prices sink to attractive discounts from net asset value. Here the answer is a little less mysterious. A liquidation of the fund, which would allow the investor to exit at full net asset value, may be years or decades in coming. In the meantime, the operator of the fund is raking off fees every year.

We capture the tradeoff between discounts and operating costs in the table. The "relative discount" is the number of years it would take for the operating costs to eat away the entire benefit of being able to buy the fund at a discount.

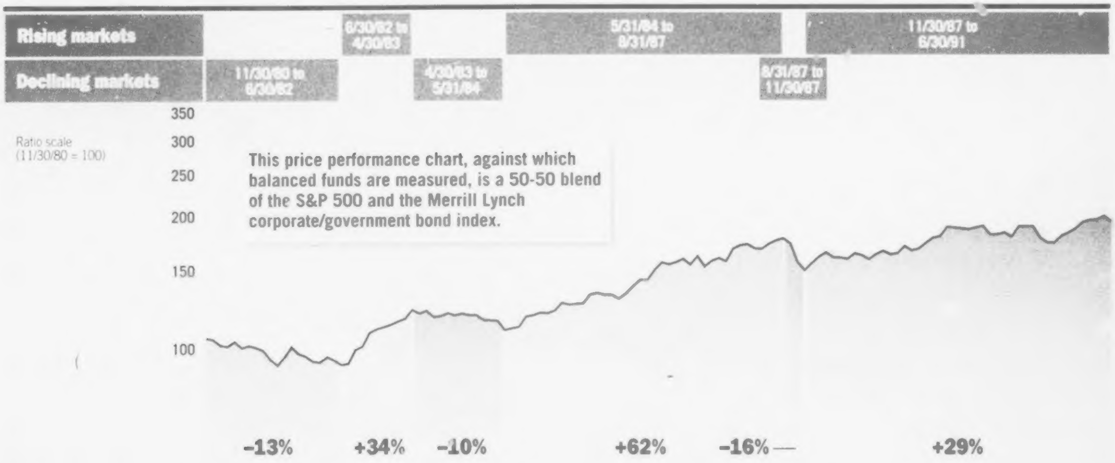
How can investors (latecomers, that is; not the new-issue victims) profit from the situation? Peter Thayer, president of Milford, Ohio-based Gateway Investment Advisers, looks for funds trading at substantial discounts to their net asset value, then works to convince the fund's manager to raise the fund's stock price. If the fund converts to open-end status, as Financial News Composite Fund and Schafer Value Trust did last year, both at the urging of Thayer, shareholders realize the full net asset value behind their shares. Occasionally old closed-ends simply sell off their portfolios and mail out checks to shareholders, as the 62-year-old Niagara Share Corp. intends to do later this year. –ERIC HARDY ■

Fund	3-year return annualized	Recent price	Discount	Annual expenses per $100	Relative discount[1]
Salomon Brothers Fund	10.9%	13¼	–14.6%	$0.46	34.2
Baker, Fentress	4.5	17¾	–15.8	0.68	25.3
Hampton Utilities Trust	11.0	10⅞	–16.2	0.81	21.7
New Germany Fund	—*	9⅞	–17.2	0.98	19.1
American Capital Convertible	4.1	17½	–15.0	0.86	18.9
Petroleum & Resources	11.5	27⅜	–10.2	0.62	17.3
Future Germany Fund	—*	11¼	–16.4	1.12	15.9
Quest for Value Dual[2]	24.5	28	–11.7	0.82	15.1
General American Investment	21.6	24¼	–13.8	1.07	13.8
Emerging Germany Fund	—*	7⅜	–17.3	1.37	13.8
Convertible Holdings[2]	6.9	17½	–11.1	0.86	13.6
Castle Convertible	7.9	19¼	–14.3	1.15	13.4
Growth Fund of Spain	—*	9⅜	–16.8	1.38	13.2
Irish Investment Fund	—*	7¾	–19.8	1.70	12.8
Austria Fund	—*	9⅛	–17.1	1.75	10.6
Bancroft Convertible	2.8	17½	–14.8	1.50	10.6
Engex	–10.5	6¾	–21.5	2.34	10.2
Chile Fund	—*	27¼	–16.4	2.04	8.7
Scudder New Europe	—*	8½	–15.3	1.89	8.7
Japan OTC Equity Fund	—*	10⅝	–11.7	1.43	8.6
Ellsworth Convertible Growth & Inc	6.2	7⅜	–12.0	1.50	8.5
Worldwide Value	0.0	13⅝	–18.3	2.40	8.3
Counsellors Tandem Secs	21.5	12	–16.0	2.33	7.4
Mexico Fund	53.8	22⅜	–10.0	1.45	7.2
Italy Fund	13.1	10⅛	–10.9	1.70	6.8
GT Greater Europe Fund	—*	10	–11.5	1.89	6.4
Portugal Fund	—*	9⅜	–12.1	2.04	6.3
Clemente Global Growth	8.4	9	–17.7	3.08	6.2
United Kingdom Fund	—*	9⅝	–12.7	2.19	6.1
First Iberian	3.6	7¾	–12.5	2.18	6.1

Prices and discounts as of Aug 2. *Fund not in operation for full period. [1] Number of years after which expenses, continuing at current rates, would dissipate the benefit of buying the fund at its current discount and having it liquidated at full net asset value. [2] Dual fund, with capital and income shares treated as a unit. Due to be liquidated in 1997.

Balanced funds

Balanced funds mix stocks with bonds. We include in the balanced category funds that buy convertible bonds or that call themselves "asset allocators." Balanced funds are graded separately from stock funds, and the benchmark used for their performance is a hybrid, rebalanced monthly, of the S&P 500 index and the Merrill Lynch corporate/government bond index. Balanced funds are generally more conservative than stock funds: They hold up better in a crash, but in a strong market they do not perform as well as stock funds. To appear on this list a balanced fund must have at least $25 million of assets and a full year of performance history; to be graded, a fund must have been around for at least two full market cycles—that is, since April 1983.



This price performance chart, against which balanced funds are measured, is a 50-50 blend of the S&P 500 and the Merrill Lynch corporate/government bond index.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/91	Total return: Last 12 months	Yield	Assets: 6/30/91 ($mil)	Assets: % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Blended stock and bond market index	13.8%	9.2%	5.9%				
		Forbes balanced fund composite	12.4%	6.8%	5.7%				$1.26
		Advantage Income Fund/Advest	—*	6.7%	6.0%	$44	–16%	4.00b%	*$2.10*
B	C	Alliance Balanced Shares#/Alliance	13.6%	8.7	3.3	150	–5	5.50	*1.42*
B	B	American Balanced Fund/American Funds	14.2	9.1	5.6	477	54	5.75	*0.84*
C	B	American Capital Convert Secs/closed-end	12.8	–2.4	7.0	65	–10	NA	0.86
B	B	American Capital Equity Income/American Cap	14.2	2.4	4.9	91	–4	5.75	*0.89*
B	D	American Capital Harbor Fund/American Cap	11.5	4.0	6.4	347	–8	5.75	*0.89*
		AMEV Advantage–Asset Alloc/AMEV	—*	6.3	2.0	25	4	4.50	*1.78*
A	D	Axe-Houghton Fund B/USF&G	12.3	14.0	7.2	166	3	5.75	*1.00*
D	C	Bancroft Convertible Fund/closed-end	8.7	5.3	7.2	53	–2	NA	1.50
F	F	Bull & Bear Gold Investors/Bull & Bear	–1.3	–6.2	0.3	33	–16	none	*2.79*

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Distributor table, page 294. Rules, page 210.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 11/80 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Blended stock and bond market index	13.8%	9.2%	5.9%				
		Forbes balanced fund composite	12.4%	6.8%	5.7%				$1.26
■C	■D	Calvert Social Inv–Managed Grow/Calvert	—*	7.0%	3.6%	$305	22%	4.75%	*$1.33*
D	A	Castle Convertible Fund/closed-end	11.5%	11.0	7.5	49	3	NA	1.15
A+	D	CGM Mutual Fund/TNE	15.8	12.3	3.7	315	–2	none	0.97
B	D	Colonial Fund/Colonial	13.1	6.7	4.0	342	2	5.75	*1.04*
D	D	Colonial Strategic Inc–Diversified/Colonial	8.4	5.6	10.5	416	–4	4.75	1.12
D	C	Commonwealth Inv–Balanced/Trusteed	11.0	6.3	5.2	44	–5	7.50	1.00
C	B	Composite Bond & Stock Fund/Murphey	11.8	10.9	4.9	65	–9	4.00	*1.22*
		Connecticut Mutual–Total Ret/Phelps	—*	8.1	4.5	73	6	6.25	1.23
		Convertible Holdings–Capital[1] Convertible Holdings–Income	—*	6.7	7.0	263	–1	none	0.86
		Dean Witter Convertible Secs/Dean Witter	—*	–1.8	5.2	316	–43	5.00b	*1.93*
		Dean Witter Managed Assets/Dean Witter	—*	9.4	3.9	214	–22	5.00b	*1.78*
		Dean Witter Strategist/Dean Witter	—*	6.5	2.1	221	23	5.00b	*1.53*
		Delaware Group Delaware Fund/Delaware	—*	4.2	5.0	413	4	6.75	0.73
A	C	Dodge & Cox Balanced Fund/Dodge & Cox	13.7	8.3	4.8	127	104	none	0.70
D	C	Dreyfus Convertible Securities/Dreyfus	10.9	–10.7	5.5	210	–24	none	1.07
		Duff & Phelps Utilities Income[2]/closed-end	—*	11.8	9.1	1,186	4	NA	1.27
		Eaton Vance High Income Trust/Eaton Vance	—*	3.4	16.4	191	–17	6.00b	*2.65*
D	A	Eaton Vance Inc Fund of Boston/Eaton Vance	11.4	8.6	15.5	66	–11	4.75	*1.05*
C	C	Eaton Vance Investors Fund/Eaton Vance	12.2	6.0	5.5	198	–3	4.75	*0.89*
		Ellsworth Convert Growth & Inc/closed-end	—*	5.7	7.2	50	–2	NA	1.50
D	A	Federated Stock & Bond Fund/Federated	13.1	6.1	5.3	87	–2	none	1.01p
		Fidelity Asset Manager/Fidelity	—*	16.6	5.3	535	41	none	1.16
		Fidelity Balanced Fund/Fidelity	—*	13.6	5.7	418	87	none	0.98
		Fidelity Convertible Securities/Fidelity	—*	11.7	5.0	86	22	none	1.31
B	B	Fidelity Puritan Fund/Fidelity	15.5	7.3	6.0	4,790	–2	2.00	0.66
		First Investors Total Return/First Inv	—*	6.1	4.0	50	250	6.90	*1.41p*
D	A	Franklin Income Fund/Franklin	12.6	11.5	11.2	1,520	6	4.00	0.55
		FundTrust–Growth & Income/Signature	—*	4.1	5.3	28	–9	1.50	*1.91p*
		Gabelli Convertible Secs/Gabelli	—*	10.5	4.3	98	31	4.50	1.52
B	B	IDS Mutual/IDS	13.5	9.3	6.0	1,786	7	5.00	0.70
C	A+	Income Fund of America/American Funds	15.6	8.9	7.1	2,660	27	5.75	*0.67*
		Kemper Invest–Total Return/Kemper	—*	9.4	3.9	579	1	3.00b	*2.21*
A+	F	Kemper Total Return Fund/Kemper	11.8	11.3	5.4	903	–1	5.75	0.87
C	C	Keystone Custodian K-1/Keystone	12.0	7.4	5.9	902	9	4.00b	*1.92*
		Lincoln National Convert Secs/closed-end	—*	12.9	6.4	101	5	NA	0.97
		Lord Abbett Equity-1990/Lord Abbett	—*	10.7	2.5	67	–18	†	*1.80p*
		Mackenzie No Amer Total Return/Mackenzie	—*	0.0	5.5	56	–35	5.75	*1.96*
		MainStay–Total Return Fund/NYLife	—*	9.0	2.1	93	100	5.00b	*2.33*
A	C	Mass Financial Total Return/Mass Finl	14.5	6.5	5.8	832	10	4.75	*0.85*
		Merrill Lynch Bal Inv & Retire[3]#/ML Funds	—*	5.0	6.3	1,020	–29	6.50	0.91

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Distributor table, page 294. Rules, page 210.

BALANCED FUNDS

FUND SURVEY

Performance UP markets	 DOWN markets	Fund/distributor	Total return Annual average 11/80 to 6/91	 Last 12 months	Yield	Assets 6/30/91 ($mil)	 % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Blended stock and bond market index	13.8%	9.2%	5.9%				
		Forbes balanced fund composite	12.4%	6.8%	5.7%				$1.26
■ B	■ C	Merrill Lynch Phoenix Fund#/ML Funds	—*	4.2%	6.0%	$206	-20%	6.50%	$1.32
		Merriman Timed Asset Alloc/Merriman	—*	6.1	3.4	28	27	none	1.52p
		MetLife-State Street Mgd Assets/MetLife	—*	-0.2	6.0	63	-2	4.50	*1.25p*
F	A	Mutual of Omaha Income/Mutual of Omaha	11.8%	8.1	7.2	176	2	4.75	*0.94*
C	B	National Total Income Fund/National Secs	15.0	6.8	5.3	261	17	5.75	*1.43*
B	C	National Total Return Fund/National Secs	13.1	6.0	3.8	252	-5	5.75	*1.38*
		NA Security–Mod Asset Alloc/Wood Logan	—*	2.4	3.7	33	-27	4.75	*2.40*
		Oppenheimer Asset Allocation[1]/Oppenheimer	—*	5.4	5.1	140	66	5.75	*1.36*
		Overland Express Asset Allocation/Overland	—*	8.7	5.6	34	18	4.50	*1.56*
		PaineWebber Asset Allocation[2]/PaineWebber	—*	7.9	5.6	368	-28	5.00b	*1.95*
		Patriot Premium Dividend Fund II/closed-end	—*	8.8	10.2	253	-8	NA	1.38
■ D	■ C	Permanent Port–Permanent/Permanent	—*	2.1	3.1	76	-14	none	*1.36*
B	■ C	Phoenix Balanced Fund/Phoenix	—*	14.2	4.2	699	43	4.75	*0.90*
C	B	Phoenix Convertible Fund/Phoenix	14.6	6.5	5.0	159	5	4.75	*1.08*
		Plymouth Income & Growth/Fidelity	—*	15.8	4.3	92	49	4.75	*1.85*
C	C	ProvidentMutual Total Return/Provident	11.5	-2.0	3.4	64	-8	6.00	*1.54*
		Prudential IncomeVertible +#/Prudential	—*	6.9	7.6	419	-20	5.25	*1.32*
C	D	Putnam Convert Income-Growth/Putnam	11.5	5.7	7.0	559	-22	5.75	*1.19*
		Putnam Dividend Income Fund/closed-end	—*	13.2	12.7	182	72	NA	0.85
A	D	George Putnam Fund of Boston/Putnam	14.0	9.5	5.2	467	6	5.75	*1.00*
■ C	■ C	Rea-Graham Balanced Fund/Rea	—*	0.9	6.4	33	-20	4.75	*2.04*
D	A	Seligman Income Fund/Seligman	11.8	5.2	8.9	137	-8	4.75	0.76
B	B	Sentinel Balanced Fund/Equity	14.6	9.2	5.9	83	6	8.50	0.86
		Shearson Income–Utilities/Shearson	—*	10.4	6.8	825	34	5.00b	*1.65*
		Shearson Principal Return/Shearson	—*	6.1	6.4	118	-15	5.00	0.83
C	D	SteinRoe Total Return Fund/Stein Roe	9.7	9.7	5.0	141	1	none	0.91
D	■ A	Strong Investment Fund/Strong	—*	7.4	6.0	205	-11	1.00	1.30
C	■ B	Strong Total Return Fund/Strong	—*	1.6	3.3	624	-23	1.00	1.33
		SunAmerica Bal Assets/SunAmerica	—*	3.9	1.6	90	-28	5.00b	*1.99p*
		SunAmerica Multi-Asset–Tot Ret/SunAmerica	—*	-2.2	4.0	29	-11	5.75	*2.05*
		TCW Convertible Securities Fund/closed-end	—*	8.1	6.6	162	-3	NA	0.94
C	B	Transamerica Growth & Income/Transamerica	12.2	5.3	1.8	71	3	4.75	*1.29*
		20th Century Balanced Inv/20th Century	—*	6.8	3.1	130	115	none	1.00
A	D	United Continental Income Fund/Waddell	13.6	4.2	4.8	307	-4	8.50	0.85
B	C	United Retirement Shares/Waddell	12.8	5.1	4.0	195	21	8.50	0.88
		USAA Investment–Balanced/USAA	—*	6.7	4.8	47	23	none	0.98p
		Vanguard Asset Allocation/Vanguard	—*	9.0	5.1	219	23	none	0.51
		Vanguard Convertible Securities/Vanguard	—*	3.0	6.1	51	-7	none	0.86
		Vanguard STAR Fund/Vanguard	—*	7.8	6.1	1,267	18	none	0.44
C	A+	Vanguard Wellesley Income Fund/Vanguard	14.6	9.7	7.9	1,336	45	none	0.40
A	C	Vanguard Wellington Fund/Vanguard	14.1	8.2	5.7	3,010	29	none	0.36

■ Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Acquired stock fund Oppenheimer Premium Income 7/91. [2]As of 7/1/91 two classes of shares available, one with front-end load, the other with exit fee and 12b-1.

Distributor table, page 294. Rules, page 210.

Global stock funds

Global funds mix foreign and U.S. securities; funds that buy almost exclusively abroad are found in the foreign stock fund table on page 258. The globals provide investors with a high degree of diversity. Over the last 12 months, for instance, foreign stocks were disasters, at least for an investor who measures performance in dollars: The Morgan Stanley index for Europe, Australia and the Far East that we use as our foreign stock benchmark was off 12.8%. But the S&P 500 was up 7.4%, dividends included, cushioning the blow. Thus, the average global fund in this table had a return of -3.3% over 12 months. Within our list of global funds are a number of sector funds. Both the Oppenheimer Global Bio-Tech Fund and GT Global Healthcare Fund managed to show respectable double-digit returns over the last 12 months. But the return on the MetLife-State Street Global Energy Fund was -18.3%.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 7/82 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Blended domestic and foreign stock index	21.2%	-1.7%	2.7%				
		Forbes global fund composite	17.7%	-3.3%	2.5%				$1.75
		AMA Family of Funds–Global Growth/AMA	—*	-3.7%	2.4%	$93	-15%	4.75%	*$1.77*
		Bailard Biehl & Kaiser Diversa/Bailard	—*	-2.8	3.9	64	-35	none	1.50
		Benham Gold Equities Index/Benham	—*	-9.7	0.6	133	68	none	0.75
		Blanchard Precious Metals Fund/Sheffield	—*	-3.3	none	28	-8	—[1]	*3.05*
		Blanchard Strategic Growth/Sheffield	—*	-3.0	2.3	181	-26	—[1]	*2.36*
		Clemente Global Growth Fund/closed-end	—*	-12.7	none	63	-14	NA	3.08
		Colonial Advanced Strategies Gold/Colonial	—*	-8.9	2.6	46	-22	5.75	*1.95*
■C	C	Dean Witter World Wide Inv/Dean Witter	—*	-7.9	1.5	260	-20	5.00b	*2.29*
		Dreyfus Strategic World Inv/Dreyfus	—*	7.0	none	35	69	3.00	*1.50p*
		Fidelity Select–American Gold/Fidelity	—*	-6.8	none	189	-4	3.00	1.75
		Fidelity Worldwide Fund/Fidelity	—*	-14.4	0.9	98	561	—[2]	1.82
A	D	First Investors Global Fund/First Inv	19.4%	-12.0	none	217	-12	6.90	*1.88*
		Freedom Inv II–Global Fund/Freedom	—*	-9.1	none	29	-30	3.00b	*2.56*
		GAM Global Fund/GAM	—*	-14.8	none	27	3	5.00	2.45
		GT Global Growth–Worldwide/GT Global	—*	-5.0	0.7	106	25	4.75	*2.10*
		GT Global Healthcare/GT Global	—*	21.3	1.0	370	225	4.75	*1.91*
		John Hancock Global/Hancock	—*	-10.3	1.3	78	-24	4.50	*2.08*
		IDS Global Growth Fund/IDS	—*	-3.1	1.7	33	444	5.00	*1.81*
		Lexington Global Fund/Lexington	—*	-7.5	1.0	52	-6	none	1.59
D	D	Lexington Goldfund/Lexington	10.1	-1.9	0.8	107	-12	none	1.36
		Lord Abbett Global–Equity/Lord Abbett	—*	-7.0	1.8	34	-7	6.75	*1.46p*
		Merrill Lynch Global Allocation#/ML Funds	—*	11.9	7.5	192	6	6.50	1.29
■C	■A	Merrill Lynch Intl Holdings#/ML Funds	—*	-7.6	2.4	199	-12	6.50	1.59
		MetLife-State Street Global Energy/MetLife	—*	-18.3	0.7	30	-16	4.50	*1.75p*
		MFS Lifetime Global Equity Trust/Mass Finl	—*	-5.4	0.3	87	11	6.00b	*2.93*
		National Global Allocation/National Secs	—*	-3.4	4.3	63	-25	5.75	*2.11*

■ Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. [1]Flat fee of $125 on initial investment. [2]Sales charge waived until 12/91. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

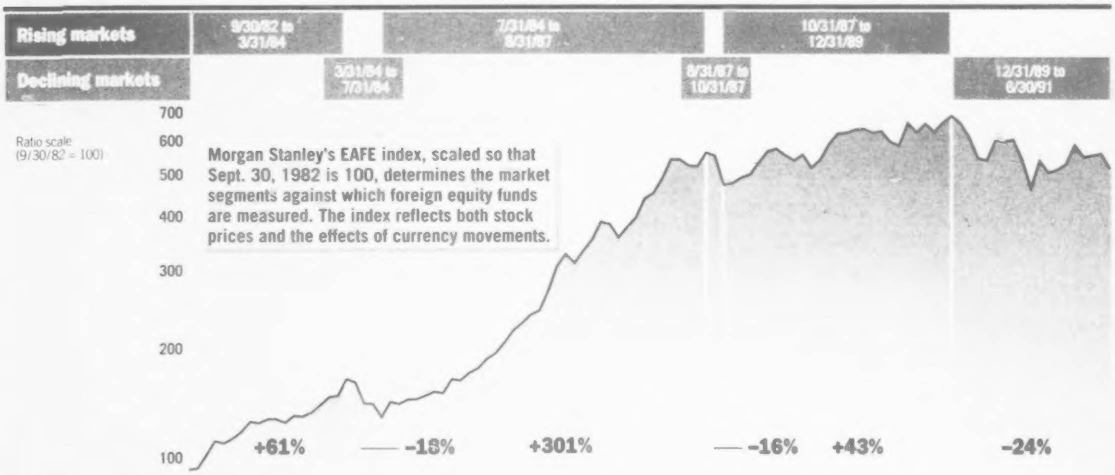
Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 7/82 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Blended domestic and foreign stock index	21.2%	–1.7%	2.7%				
		Forbes global fund composite	17.7%	–3.3%	2.5%				$1.75
		National World Wide Oppor/National Secs	—*	–5.3%	4.4%	$60	–15%	5.75%	*$1.34p*
C	B	New Perspective Fund/American Funds	18.3%	–1.1	2.7	1,913	22	5.75	*0.82*
		Oppenheimer Global Bio-Tech/Oppenheimer	—*	31.7	none	68	441	†	*1.61*
		Oppenheimer Global Environment/Oppenheimer	—*	–12.7	0.7	63	87	4.75	*1.62*
B	C	Oppenheimer Global Fund/Oppenheimer	19.6	–8.4	0.6	913	13	8.50	1.77
■ A	■ B	PaineWebber Atlas Global Growth[1]/PaineWebber	—*	–8.3	3.4	205	–5	4.50	*1.56*
		PaineWebber Global Energy Fund[1]/PaineWebber	—*	–4.4	1.1	55	22	5.00b	*2.39*
		PaineWebber Global Growth & Inc[1] [2]/PaineWebber	—*	–5.0	7.3	85	–17	4.50	*2.02*
D	A	Pax World Fund/Pax World	17.1	14.7	4.0	179	66	none	*1.17*
■ B	■ C	Prudential Global Fund#/Prudential	—*	–6.9	2.1	258	–22	5.25	*1.57*
		Prudential Global Genesis#/Prudential	—*	–11.7	none	42	1	5.25	*3.13*
		Prudential Global Nat Resources#/Prudential	—*	–4.6	1.9	32	–30	5.25	*2.27*
B	C	Putnam Global Growth[3]/Putnam	20.7	–5.0	2.0	605	–4	5.75	*1.49*
		Scudder Global Fund/Scudder	—*	–5.2	3.4	268	4	none	1.81
		Scudder Gold Fund/Scudder	—*	–3.1	none	33	93	none	2.50p
■ C	■ D	Shearson Global Oppor/Shearson	—*	–8.3	1.7	59	–25	5.00	1.70
		Shearson Invest–Precious Metals/Shearson	—*	–7.9	0.3	50	–27	5.00b	*2.45*
		Smallcap World Fund/American Funds	—*	6.5	2.4	760	10	†	*1.29*
		Templeton Emerging Markets/closed-end	—*	12.3	1.5	183	–2	NA	1.86
		Templeton Global Oppor/Templeton	—*	1.8	2.8	178	–1	6.25	*1.65*
		Templeton Global Utilities/closed-end	—*	5.2	5.8	34	0	NA	1.54
C	B	Templeton Growth Fund/Templeton	18.6	1.4	3.6	2,685	1	8.50	0.76
		Templeton Income Fund/Templeton	—*	9.0	9.5	123	13	4.50	1.04
		Templeton Real Estate Secs/Templeton	—*	5.1	3.7	32	182	8.50	1.25p
C	C	Templeton Smaller Cos Growth/Templeton	17.8	3.5	2.2	847	–5	8.50	0.88
		Templeton Value Fund/Templeton	—*	3.2	0.3	142	–20	8.50	1.48
C	C	Templeton World Fund/Templeton	17.8	–1.8	3.6	3,992	–13	8.50	0.72
		Thomson Fund–Global#/Thomson	—*	–11.1	none	34	–29	5.50	*1.69*
■ D	■ C	United Services–Global Res/United	—*	–1.3	0.7	28	–11	none	2.26p
		United Services–World Gold[4]/United	—*	–7.0	none	65	–10	none	2.08
		USAA Investment–Cornerstone/USAA	—*	1.4	3.6	573	0	none	1.18
		Van Eck Gold/Resources Fund/Van Eck	—*	–8.2	0.7	158	–19	6.75	*1.44*
		Van Eck World Trends Fund/Van Eck	—*	–7.3	3.0	46	–18	5.75	*1.71*
		Vanguard World–Intl Growth[5]/Vanguard	—*	–11.9	2.0	825	0	none	0.77
		Vanguard World–US Growth[5]/Vanguard	—*	9.5	1.5	651	87	none	0.66
		Worldwide Value Fund/closed-end	—*	–14.6	2.1	48	–16	NA	2.40
		Yamaichi Global Fund/Yamaichi	—*	–14.4	none	59	–28	4.75	*1.58*

■ Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* [1]As of 7/1/91 two classes of shares available, one with front-end load, the other with exit fee and 12b-1. [2]Formerly PaineWebber Classic World. [3]Formerly Putnam International Equities. [4]Formerly United Services—New Prospector. [5]Half of the Ivest Fund, which split in two on 9/85. b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

Foreign stock funds

U.S.-based stock funds with predominantly foreign portfolios are in this table. The benchmark for measuring these funds is a Morgan Stanley index that tracks the performance, in U.S. dollars, of over 1,000 stocks in Europe, Australia and the Far East. This index was off 12.8% for the 12 months ended in June—reflecting not only the price movements of foreign stocks but also strength in the dollar against most foreign currencies. The T. Rowe Price International Stock Fund was the only foreign stock fund to qualify for our honor roll (page 160), which demands a good long-term return and a good down market grade. To be listed in the following table, a fund must be based in the U.S., have at least $25 million in assets and have at least a full year of performance history.



Morgan Stanley's EAFE index, scaled so that Sept. 30, 1982 is 100, determines the market segments against which foreign equity funds are measured. The index reflects both stock prices and the effects of currency movements.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return: Annual average 9/82 to 6/91	Total return: Last 12 months	Yield	Assets: 6/30/91 ($mil)	Assets: % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Morgan Stanley Capital Intl EAFE index	22.1%	-12.8%	2.1%				
		Forbes foreign stock fund composite	14.9%	-8.3%	2.3%				$1.67
B	C	Alliance International Fund#/Alliance	18.6%	-19.4%	0.2%	$218	-18%	5.50%	*$1.53*
		Alliance New Europe Fund/Alliance	—*	-22.7	8.3	129	-48	5.50	*1.52*
C	D	ASA Limited/closed-end	5.4	-12.4	7.5	450	-18	NA	0.43
		Asia Pacific Fund/closed-end	—*	-9.4	0.6	118	-18	NA	1.85
		Austria Fund/closed-end	—*	-26.2	2.1	88	-29	NA	1.75
		Boston Co Inv–International/Boston Co	—*	-14.4	1.5	27	-24	none	*1.60*
		Brazil Fund/closed-end	—*	41.7	none	169	42	NA	2.25
		Chile Fund/closed-end	—*	88.7	3.9	155	78	NA	2.04
		Counsellors International Equity/Counsellors	—*	-0.4	2.9	57	71	none	1.46p
		Dean Witter European Growth/Dean Witter	—*	-14.1	0.8	289	26	5.00b	*2.41*

■ Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. §Distributor may impose redemption fee, which proceeds revert to the fund. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 9/82 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Morgan Stanley Capital Intl EAFE index	22.1%	-12.8%	2.1%				
		Forbes foreign stock fund composite	14.9%	-8.3%	2.3%				$1.67
		Emerging Germany Fund/closed-end	—*	-22.2%	2.3%	$120	-24%	NA	$1.37
■ C	■ C	EuroPacific Growth Fund/American Funds	—*	-2.4	1.9	1,276	58	5.75%	*1.28*
		Europe Fund/closed-end	—*	-10.7	5.9	102	-16	NA	NA
		European Emerging Companies/USF&G	—*	-25.1	0.4	26	-27	5.75	*2.25p*
		Fenimore International–Equity/Burnham	—*	-3.3	none	36	-21	5.00	*2.88p*
		Fidelity Europe Fund/Fidelity	—*	-18.9	2.6	287	-36	3.00	1.36
		Fidelity Intl Growth & Income/Fidelity	—*	-5.2	3.3	37	2	2.00[1]	2.01p
		Fidelity Overseas Fund/Fidelity	—*	-15.0	2.8	911	-18	3.00	1.55
		Fidelity Pacific Basin Fund/Fidelity	—*	-12.9	1.3	100	-2	3.00	1.97
D	D	Fidelity Select–Prec Metals & Mins/Fidelity	4.9%	1.6	1.2	186	1	3.00	1.79
		Financial Series–Intl Growth/Invesco	—*	-11.2	0.2	40	-11	none	1.48p
		Financial Strategic–European/Invesco	—*	-12.5	2.5	65	-28	none	1.29
		First Australia Fund/closed-end	—*	2.8	4.5	58	-2	NA	2.14
		First Iberian Fund/closed-end	—*	-15.9	7.3	56	-25	NA	2.18
		Flag Investors International Trust/Brown	—*	-21.7	none	41	-19	4.50	*1.50p*
		France Growth Fund/closed-end	—*	-8.2	6.5	111	-13	NA	2.18
C	C	Franklin Gold Fund/Franklin	9.9	0.3	2.7	287	3	4.00	0.75
		Future Germany Fund/closed-end	—*	-23.4	1.7	160	-29	NA	1.12
		GAM International Fund/GAM	—*	-11.6	0.1	35	36	5.00	2.30
		GAM Pacific Basin Fund/GAM	—*	-1.7	3.9	26	126	5.00	3.74
		Germany Fund[2]/closed-end	—*	-22.5	1.1	132	-24	NA	1.31
		Growth Fund of Spain/closed-end	—*	-12.3	3.3	190	-16	NA	1.38
		GT Global Growth–Europe/GT Global	—*	-18.9	none	1,344	-21	4.75	*1.90*
		GT Global Growth–International/GT Global	—*	-6.4	1.3	432	24	4.75	*1.90*
		GT Global Growth–Japan/GT Global	—*	-16.8	none	71	-2	4.75	*2.25p*
B	B	GT Global Growth–Pacific/GT Global	21.6	-0.7	2.7	321	21	4.75	*2.10*
		GT Greater Europe Fund/closed-end	—*	-21.0	1.3	180	-22	NA	1.89
		Harbor International/HCA	—*	-3.3	2.0	121	96	none	1.35
		IAI International Fund/IAI Funds	—*	-7.5	1.2	32	-2	none	*1.73*
		IDS International Fund/IDS	—*	-11.6	1.9	220	-8	5.00	*1.36*
		IDS Precious Metals Fund/IDS	—*	-3.5	2.2	72	-12	5.00	*1.48*
		IDS Strategy–Worldwide Growth[3]/IDS	—*	-16.7	none	39	-18	5.00b	*2.47*
		Indonesia Fund/closed-end	—*	-31.1	0.4	45	-36	NA	2.15
		International Equity[4]/Federated	—*	-12.1	1.5	87	10	4.50	1.32p
		Irish Investment Fund/closed-end	—*	-17.4	3.7	45	-20	NA	1.70
		Italy Fund/closed-end	—*	-21.0	5.3	72	-28	NA	1.70
		Ivy International Fund/Ivy	—*	-9.1	2.7	78	-3	none	1.66
		Jakarta Growth Fund/closed-end	—*	-24.8	3.4	40	-27	NA	1.83
B	A	Japan Fund/Scudder	23.0	-6.6	1.7	351	-8	none	1.23
		Japan OTC Equity/closed-end	—*	7.1	1.9	107	-1	NA	1.43
C	B	Kemper International Fund/Kemper	18.6	-6.8	1.3	190	-12	5.75	1.31

■ Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. §Distributor may impose redemption fee, which proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Sales charge waived until 12/91. [2] Fund performance adjusted for secondary offering. [3] Formerly IDS Strategy–Pan Pacific Growth. [4] Formerly FT International.

Distributor table, page 294. Rules, page 210.

FOREIGN STOCK FUNDS

FUND SURVEY

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 9/82 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Morgan Stanley Capital Intl EAFE index	22.1%	-12.8%	2.1%				
		Forbes foreign stock fund composite	14.9%	-8.3%	2.3%				$1.67
C	C	Keystone International Fund/Keystone	11.9%	-11.2%	none	$71	-26%	4.00b%	*$3.25*
D	D	Keystone Precious Metals/Keystone	5.0	0.8	0.8%	152	-10	4.00b	*2.76*
C	C	Kleinwort Benson Intl Equity/Kleinwort	[illegible]	-9.1	1.0	75	-19	none	*1.78*
		Korea Fund[1]/closed-end	—*	-14.2	none	228	-25	NA	1.47
		Malaysia Fund/closed-end	—*	5.2	1.4	107	3	NA	1.93
		Merrill Lynch EuroFund#/ML Funds	—*	-9.3	2.4	556	-9	6.50	1.15
A	C	Merrill Lynch Pacific Fund#/ML Funds	27.0	13.3	4.6	372	14	6.50	1.07
A	A+	Mexico Fund[1]/closed-end	43.0	59.8	1.5	464	56	NA	1.45
		New Germany Fund/closed-end	—*	-21.1	1.8	317	-26	NA	0.98
		Nomura Pacific Basin Fund/Nomura	—*	2.5	3.8	55	-9	none	1.42
■C	C	Oppenheimer Gold & Spec Mins/Oppenheimer	—*	-10.7	0.4	150	-8	8.50	1.40
		Pacific-European Growth Fund/closed-end	—*	-8.2	2.0	35	-9	NA	1.77
		PaineWebber Europe Growth Fund[2]/PaineWebber	—*	-17.7	1.4	141	-11	4.50	*1.79*
		Portugal Fund/closed-end	—*	-24.8	1.1	54	-26	NA	2.04
		T Rowe Price Intl Discovery/Price	—*	-12.8	1.2	172	5	none	1.50p
		T Rowe Price Intl European Stock/Price	—*	-15.0	2.2	91	-4	none	1.75p
B	B	T Rowe Price Intl Stock/Price	20.4	-9.1	1.7	1,291	11	none	1.12
		Rodney Square Intl Equity/Rodney Sq	—*	-13.4	1.2	54	-25	5.75	*1.75p*
C	B	Scudder International Fund/Scudder	20.4	-11.1	1.7	899	-4	none	1.17
		Scudder New Asia Fund/closed-end	—*	-3.7	0.5	111	-16	NA	1.77
		Scudder New Europe Fund/closed-end	—*	-13.0	2.5	160	-18	NA	1.89
		Shearson Equity–International/Shearson	—*	-7.2	0.1	41	-30	5.00b	*2.60*
		Spain Fund/closed-end	—*	-17.8	2.4	111	-27	NA	2.22
D	F	Strategic Investments Fund/Strategic	-6.2	-0.2	3.5	32	-9	8.50	1.98
		Swiss Helvetia Fund/closed-end	—*	-14.7	0.4	101	-15	NA	1.77
		Taiwan Fund[1]/closed-end	—*	25.1	none	141	89	NA	2.34
■B	A	Templeton Foreign Fund/Templeton	—*	-5.1	3.5	1,119	27	8.50	0.82
		Thai Fund/closed-end	—*	-19.7	1.3	158	-29	NA	1.35
		Turkish Investment Fund/closed-end	—*	-50.8	none	53	-51	NA	2.00
		United Gold & Government Fund/Waddell	—*	-0.2	1.7	52	-17	8.50	1.65
C	A	United International Growth/Waddell	15.6	-10.4	2.0	259	-11	8.50	1.20
		United Kingdom Fund/closed-end	—*	-6.1	2.2	41	-13	NA	2.19
D	D	United Services–Gold Shares/United	0.9	-3.8	2.8	295	0	none	1.50
		USAA Investment–Gold Fund/USAA	—*	-6.6	0.9	134	-6	none	1.46
		USAA Investment–International/USAA	—*	-10.6	0.6	26	11	none	1.81
		UST Master Funds–International/UST Secs	—*	-10.7	1.7	36	40	4.50	1.61
C	D	Van Eck International Investors/Van Eck	8.4	1.4	1.9	658	-6	8.50	0.97
		Vanguard Intl Index–Europe/Vanguard	—*	-12.4	1.8	132	172	none	0.40
		Vanguard Intl Index–Pacific/Vanguard	—*	-9.8	0.6	67	354	none	0.35
■D	■C	Vanguard Special–Gold & Prec/Vanguard	—*	2.6	3.3	175	9	none§	0.42
■A	B	Vanguard Trustees Comm–Intl/Vanguard	—*	-14.5	3.7	843	3	none	0.44

■ Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. §Distributor may impose redemption fee, which proceeds revert to the fund. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Fund performance adjusted for secondary offering. [2] As of 7/1/91 two classes of shares available, one with front-end load, the other with exit fee and 12b-1.

Distributor table, page 294. Rules, page 210.

Global bond funds

Funds that buy bonds from foreign governments and bonds and commercial paper from overseas corporations are listed here; many of the funds, especially those with "global" in the name, also buy U.S. paper. Such funds are a fairly new investment tool for U.S investors, so new, in fact, that only one, MFS Worldwide Governments, has enough history to show a long-term return. On average, global bond funds delivered a 9.9% total return over the last 12 months. In the 1990 survey they averaged a one-year total return of 13.6%. These funds are a bet on two things: a decline in interest rates abroad and a decline in the value of the dollar. Over the past year the dollar was fairly strong against most foreign currencies. As a result, these funds didn't perform as well as they did a year earlier.

	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
	Annual average 9/82 to 6/91	Last 12 months		6/30/91 (millions)	% change '91 vs '90		
Forbes global bond fund composite		9.9%	10.6%				$1.42
ACM Managed Multi-Market Trust/closed-end	—*	12.1%	13.8%	$111	-2%	NA	$2.90
Alliance Short-Term Multi-Market#/Alliance	—*	10.5	10.5	5,202	448	3.00%	*1.18*
Capital World Bond Fund/American Funds	—*	12.4	7.5	60	63	4.75	*1.52*
Dean Witter World Wide Income/Dean Witter	—*	4.1	12.7	434	1	5.00b	*1.76*
Fidelity Global Bond Fund/Fidelity	—*	12.2	8.9	130	61	none	1.43
First Australia Prime Income/closed-end	—*	20.1	12.0	886	6	NA	1.54
Franklin Global Opportunity Inc/Franklin	—*	8.2	12.2	43	134	4.00	0.25p
Freedom Inv II–Global Income/Freedom	—*	10.4	9.3	181	-5	3.00b	*1.90*
Global Government Plus/closed-end	—*	8.0	6.7	346	-7	NA	1.09
Global Income Plus Fund/closed-end	—*	8.6	12.7	232	-3	NA	1.21
Global Yield Fund/closed-end	—*	6.7	10.3	554	-6	NA	1.03
GT Investment–Global Bond/GT Global	—*	7.6	9.9	47	18	4.75	*1.82*
IDS Global Bond Fund/IDS	—*	8.2	9.9	46	132	5.00	*1.73p*
Intl Currency–Global[1]/Huntington	—*	8.2	7.5	68	-10	2.25	*1.82*
Intl Currency–Hard Currency/Huntington	—*	3.3	7.4	31	13	2.25	*1.66*
Intl Currency–High Income/Huntington	—*	6.7	10.5	54	223	2.25	*1.59*
Kleinwort Benson Australian Inc/closed-end	—*	17.7	9.3	70	7	NA	1.68
Merrill Lynch Global Bond Inv & Ret[2]#/ML Funds	—*	10.1	13.3	302	9	4.00	1.06
MFS Worldwide Governments[3]/Mass Finl	13.7%	8.4	8.2	172	41	4.75	*1.44*
PaineWebber Global Income Fund[4]/PaineWebber	—*	10.8	12.9	1,470	33	5.00b	*1.86*
T Rowe Price International Bond/Price	—*	9.7	8.9	286	-7	none	1.15
Putnam Global Governmental Income/Putnam	—*	14.0	8.1	287	46	4.75	*1.65*
Putnam Master Income Trust/closed-end	—*	12.3	10.0	446	-2	NA	1.08
Putnam Premier Income Trust/closed-end	—*	9.4	10.0	1,099	-4	NA	1.02
Scudder International Bond/Scudder	—*	14.9	9.8	144	96	none	1.35p
Shearson Income–Global Bond/Shearson	—*	9.0	16.5	49	-20	5.00b	*2.00*
Shearson S-T World Income/Shearson	—*	6.1	10.8	492	NM	3.00	*1.25p*
Templeton Global Govt Income/closed-end	—*	4.2	10.6	178	-4	NA	1.09
Templeton Global Income Fund[5]/closed-end	—*	11.7	10.7	966	0	NA	0.82
Van Eck World Income Fund/Van Eck	—*	9.7	10.2	91	114	4.75	*1.61*
World Income Fund/closed-end	—*	10.6	16.0	285	-4	NA	0.87

*Fund not in operation for full period. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. NM: Not meaningful. [1] Invests in foreign money market instruments. [2] Formerly Merrill Lynch Retirement Global Bond. [3] Formerly Mass Financial International-Bond. [4] As of 7/1/91 two classes of shares available, one with front-end load, the other with exit fee and 12b-1. [5] Fund performance adjusted for secondary offering.

Distributor table, page 294. Rules, page 210.

Hot funds

Pay attention to these funds. They're either popping up as hot performers over the past year or gaining assets rapidly—or both. Neither kind of gain, of course, is a good reason in itself to buy a fund. Rather, these lists give you a quick look at the fads and trends that will be affecting the pitches you hear for funds. Health care stocks, for instance, have done well recently, and as a result a lot of buyers are crowding into health sector funds. Should you join the rush? Not before taking a long look at the stocks these funds own, and their sometimes steep price/earnings ratios. The Chile, Mexico and Brazil funds have also been sizzling of late.

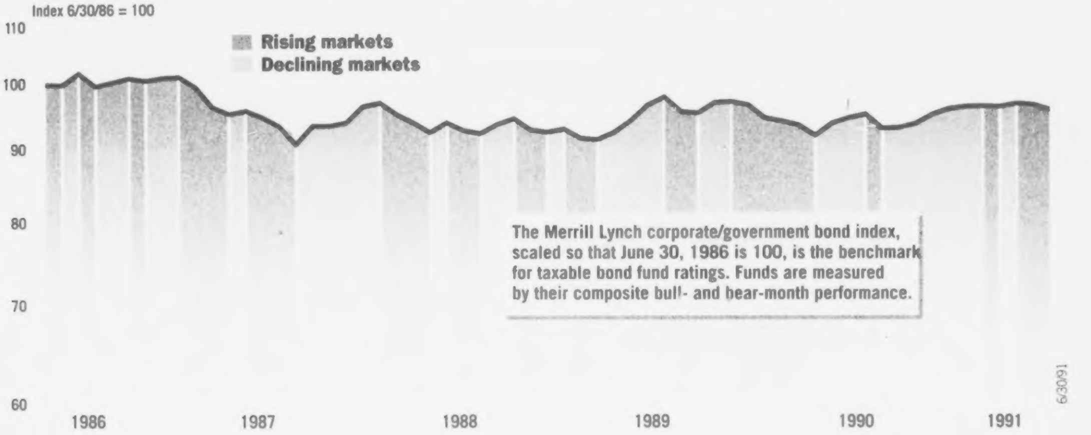
The standout seller in fixed-income investing is Alliance Short-Term Multi-Market, which picked up $4.3 billion of assets in 12 months. "People were rolling over CDs and seeing numbers that they hadn't seen in several years," says Robert Sinche, the Alliance Fund's portfolio manager. They see the yields offered by Sinche's portfolio of mostly overseas bonds and buy. Sinche, reminding buyers that his fund is chancier than an insured certificate of deposit, nonetheless says he limits currency risk with hedges. Unfortunately, there is no way to get a 10.5% return without taking some kind of risk—with currencies, interest rates or credit quality.

Fund/distributor	Type	Assets			12-month total return	Manager (years)
		6/30/91 ($mil)	change vs 6/30/90 ($mil)	%		
Big performers						
Chile Fund/closed-end	foreign stock	$155	$68	78%	88.7%	Emilio Bassini (1)
Mexico Fund/closed-end	foreign stock	464	167	56	59.8	Jose Luis Gomez Pimienta (10)
Fidelity Select-Biotechnology/Fidelity	US stock	483	326	208	49.9	Michael Gordon (1)
Fidelity Select-Health Care/Fidelity	US stock	639	347	119	45.0	Andrew Offit (1)
Fidelity Select-Medical Delivery/Fidelity	US stock	119	75	166	43.3	Charles Mangum
Brazil Fund/closed-end	foreign stock	169	50	42	41.7	Edmund B Games Jr (3)
Financial Strategic-Health Sci/Invesco	US stock	360	272	309	41.5	John Kaweske (6)
Oppenheimer Global Bio-Tech/Oppenheimer	global stock	68	55	441	31.7	Kenneth Oberman (3)
H&Q Healthcare Investors/closed-end	US stock	87	16	23	31.4	Alan G Carr (4)
20th Century Ultra Investors/20th Century	US stock	1,147	749	189	30.1	Multiple managers[1] (8)
Bergstrom Capital/closed-end	US stock	89	16	22	29.2	Erik E Bergstrom (14)
Phoenix Multi-Capital Apprec/Phoenix	US stock	65	54	480	27.5	Robert Chesek (1)
Taiwan Fund/closed-end	foreign stock	141	66	89	25.1	Danny Chan (5)
Vanguard Special-Health Care/Vanguard	US stock	349	215	160	24.1	Edward Owens (7)
United New Concepts Fund/Waddell	US stock	86	20	31	23.7	Mark Seferovich (2)
Fast growers						
Alliance Short-Term Multi-Market/Alliance	global bond	$5,202	$4,253	448%	10.5%[2]	Robert Sinche (2)
Franklin Adj US Govt Securities/Franklin	US bond	2,360	2,044	646	9.3	Jack Lemein (3)
Investment Co of America/American Funds	US stock	7,643	1,769	30	8.3	Multiple managers[1] (8)
Washington Mutual Investors/American Funds	US stock	6,792	1,443	27	8.5	Multiple managers[1] (8)
Vanguard Fixed Income-GNMA/Vanguard	US bond	3,564	1,246	54	11.6	Paul Sullivan (11)
Fidelity Magellan Fund/Fidelity	US stock	15,252	1,213	9	9.7	Morris Smith (1)
Aim Equity-Weingarten Fund/AIM	US stock	1,663	979	143	10.3	Multiple managers[1] (7)
Franklin Calif Tax-Free Income/Franklin	municipal bond	11,775	856	8	7.2	Bernie Schroer (4)
20th Century Ultra Investors/20th Century	US stock	1,147	749	189	30.1	Multiple managers[1] (8)
Janus Fund/Janus	US stock	1,960	714	57	7.4	James P Craig III (6)

[1] Average tenure of managers, with ten years maximum credit for each. [2] Fund has two classes of shares. Performance is for A shares; assets are for entire fund.

Taxable bond funds

To make the list below, a fund must have at least $100 million in assets and at least a full year of performance history. To be graded, a fund must have five years of results. Our benchmark for the grading system is the Merrill Lynch corporate/government bond index. Each month in the period is pegged as bearish or bullish, according to the price of the Merrill Lynch index. For each rated fund a composite bull market performance (incorporating both price and interest return) is calculated and funds are awarded grades on a curve. The same exercise is done to score bear market performance. Junk bond funds are graded with a slightly different formula; see page 278. Municipal bond funds are graded in a table beginning on page 280. Global bond funds are on page 264.



The Merrill Lynch corporate/government bond index, scaled so that June 30, 1986 is 100, is the benchmark for taxable bond fund ratings. Funds are measured by their composite bull- and bear-month performance.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 6/86 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Merrill Lynch corporate/govt bond index	8.3%	10.4%	8.6%				
		Forbes taxable bond fund composite	7.8%	9.9%	9.1%				$1.05
		AAL Income Fund/AAL	—*	10.3%	7.9%	$146	42%	4.75%	*$1.00p*
D	A	AARP Inc–GNMA & US Treas/Scudder	8.4%	10.6	8.3	2,942	15	none	0.79
C	C	AARP Inc–High Quality Bond/Scudder	7.6	9.0	7.5	174	19	none	1.14p
		ACM Government Income Fund/closed-end	—*	11.5	12.7	473	-1	NA	1.37
		ACM Government Opportunity/closed-end	—*	11.9	11.9	104	1	NA	1.24
		ACM Government Securities/closed-end	—*	11.3	12.9	657	-1	NA	1.32
		ACM Government Spectrum/closed-end	—*	11.0	11.9	267	-1	NA	1.42
		ACM Managed Income Fund/closed-end	—*	11.2	12.4	157	-38	NA	1.10
D	C	Advantage Government Securities/Advest	5.5	10.9	8.0	104	-8	4.00b	*1.43p*
		Aim Limited Maturity Treasury Shs/AIM	—*	9.2	7.3	124	67	1.75	*0.54p*

*Fund not in operation for full period. †Closed to new investors. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* §Distributor may impose redemption fee, which proceeds revert to the fund. b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

TAXABLE BOND FUNDS

FUND SURVEY

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 6/86 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Merrill Lynch corporate/govt bond index	8.3%	10.4%	8.6%				
		Forbes taxable bond fund composite	7.8%	9.9%	9.1%				$1.05
D	B	Alliance Bond–US Government/Alliance	7.8%	9.0%	10.4%	$491	-4%	4.75%	*$1.11*
C	B	Alliance Mortgage Secs Income/Alliance	9.2	12.9	9.9	495	-3	4.75	*1.12*
		Allstate Prime Income Trust[1]/closed-end	—*	9.4	9.0	471	105	NA	1.48
		American Adj Rate Term–1995/closed-end	—*	10.0	9.3	107	0	NA	0.65
C	D	American Capital Bond Fund/closed-end	5.7	9.6	9.5	204	0	NA	0.71
D	B	American Capital Corp Bond/American Cap	7.7	10.7	9.3	185	-9	4.75	*0.94*
B	D	American Capital Govt Secs/American Cap	7.5	11.9	8.8	3,732	-9	4.75	*0.93*
		American Capital Income Trust/closed-end	—*	9.2	12.5	110	-4	NA	1.00
		American Government Income/closed-end	—*	16.6	11.4	148	5	NA	0.99
		American Government Income Port/closed-end	—*	16.9	11.1	217	6	NA	0.99
		American Opportunity Income/closed-end	—*	13.6	11.2	195	2	NA	1.06
C	B	AMEV Securities/closed-end	8.5	14.7	10.9	112	5	NA	0.90
C	B	AMEV US Govt Securities Fund/AMEV	8.7	10.8	9.4	352	127	4.50	0.81
B	C	Babson Bond–Portfolio L/Jones & Babson	7.9	9.0	8.6	102	21	none	0.97
D	B	Bartlett Capital–Fixed Income/Bartlett	7.9	8.5	7.4	148	-6	none	1.00
B	B	Benham GNMA Income/Benham	9.5	11.4	8.6	495	61	none	0.72
A+	F	Benham Target Maturities–2005/Benham	14.1	11.6	3.9	121	220	none	0.70p
		Benham Target Maturities–2015/Benham	—*	7.9	5.4	230	-28	none	0.62
C	D	Benham Treasury Note Fund/Benham	6.8	10.0	7.3	194	87	none	0.73
		Bernstein Govt Short Duration/Bernstein	—*	9.3	7.1	205	19	none	0.70
		Bernstein Intermed Duration/Bernstein	—*	10.3	7.9	331	35	none	0.68
		Bernstein Short Duration +/Bernstein	—*	10.0	7.6	413	6	none	0.67
		Blackstone Income Trust/closed-end	—*	18.0	12.1	534	5	NA	1.10
		Blackstone Target Term Trust/closed-end	—*	13.8	10.0	907	3	NA	0.92
C	C	Bond Fund of America/American Funds	7.8	9.2	9.5	2,291	33	4.75	*0.76*
D	A	Cardinal Government Obligations[2]/Cardinal	8.9	11.7	9.2	122	5	4.50	0.74
A	D	Cigna Income Fund/Cigna	7.3	7.8	8.4	218	-2	5.00	*1.00*
A	D	Colonial Government Secs Plus/Colonial	7.5	8.9	8.4	2,032	-14	4.75	*1.16*
D	B	Colonial Income Trust/Colonial	7.3	9.8	9.9	143	-6	4.75	*1.23*
		Colonial InterMarket Income I/closed-end	—*	9.8	11.7	119	-2	NA	1.11
		Colonial US Government Trust/Colonial	—*	10.4	10.1	311	273	4.75	*1.25p*
A	C	Columbia Fixed Income Secs/Columbia	8.7	10.2	7.9	164	38	none	0.68
		Common Sense–Government/Common Sense	—*	10.0	8.4	165	28	6.75	1.06
C	B	Composite US Govt Securities/Murphey	8.3	11.1	8.1	101	20	4.00	*1.03*
		Comstock Partners Strategy Fund/closed-end	—*	10.0	9.6	1,200	0	NA	0.93
		Dean Witter Government Income/closed-end	—*	11.4	8.2	550	3	NA	0.75
		Dean Witter Govt Secs Plus/Dean Witter	—*	9.1	7.9	1,265	-17	5.00b	*1.50*
		Dean Witter Intermed Income/Dean Witter	—*	7.1	8.6	113	-3	5.00b	*1.75*
D	A	Dean Witter US Govt Securities/Dean Witter	7.8	8.8	9.7	10,534	7	5.00b	*1.23*

*Fund not in operation for full period. †Closed to new investors. §Distributor may impose redemption fee, which proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Closed-end fund that acts like a money market. [2]Formerly Cardinal Government Guaranteed Fund.

Distributor table, page 294. Rules, page 210.

TAXABLE BOND FUNDS

FUND SURVEY

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return Annual average 6/86 to 6/91	Total return Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	8.3%	10.4%	8.6%				
		Forbes taxable bond fund composite	7.8%	9.9%	9.1%				$1.05
D	A	Delaware Group Govt–Govt Inc II/Delaware	8.1%	10.5%	8.7%	$159	7%	6.75%	$1.10
A	D	Dreyfus A Bonds Plus/Dreyfus	7.6	8.8	8.4	368	15	none	0.85
C	B	Dreyfus GNMA Fund/Dreyfus	8.2	10.7	8.7	1,617	6	none	*0.97*
		Dreyfus Strategic Govt Income/closed-end	—*	9.9	10.0	158	0	NA	0.85
C	A	Eaton Vance Government Oblig/Eaton Vance	8.7	10.5	9.8	284	0	4.75	*1.22*
		Eaton Vance Prime Rate Res[1]/Eaton Vance	—*	8.8	8.9	1,937	12	3.00b	1.43
B	B	Federated GNMA Trust/Federated	9.7	11.6	8.8	1,288	–3	none	0.52
D	A	Federated Income Trust/Federated	9.1	11.1	8.9	987	1	none	0.50
D	A	Federated Intermediate Govt/Federated	7.9	10.5	7.5	740	–17	none	0.51
D	A+	Federated Short-Intermed Govt/Federated	7.7	9.6	7.4	1,220	–18	none	0.48
C	C	Fidelity Flexible Bond/Fidelity	7.5	9.9	8.8	456	17	none	0.67
B	B	Fidelity Ginnie Mae/Fidelity	8.8	11.5	8.1	776	22	none	0.80
C	C	Fidelity Government Securities/Fidelity	7.6	10.4	8.7	462	–5	none	0.66
D	B	Fidelity Intermediate Bond Fund/Fidelity	7.4	9.1	7.9	908	30	none	0.66
C	B	Fidelity Mortgage Securities/Fidelity	8.8	11.4	8.2	405	5	none	0.82
		Fidelity Short-Term Bond/Fidelity	—*	8.4	8.9	259	27	none	0.83
		First Boston Income Fund/closed-end	—*	13.8	11.2	193	1	NA	0.89
A	D	First Investors Government Fund/First Inv	7.9	9.2	7.6	308	33	6.90	*1.28p*
B	C	First Trust Fund–US Govt/Brown & Assoc	9.3	11.1	8.5	174	–20	4.50	*0.94*
		Flag Inv Total Return US Treas[2]/Brown	—*	7.8	8.5	373	16	4.50	*0.88*
A+	D	Fort Dearborn Income Securities/closed-end	8.6	9.3	9.1	104	1	NA	0.80
		Franklin Adj US Govt Securities/Franklin	—*	9.3	9.2	2,360	646	4.00	*0.30p*
		Franklin Principal Maturity Trust/closed-end	—*	9.7	10.8	163	–1	NA	0.98
C	A	Franklin US Government Securities/Franklin	9.5	12.2	9.5	11,810	5	4.00	0.52
		Franklin Universal Trust/closed-end	—*	5.8	14.7	188	–9	NA	1.19
A	D	Freedom Inv–Govt Income/Freedom	8.2	9.6	8.9	145	7	3.00b	*1.51*
D	A	Fund for US Govt Securities/Federated	9.2	10.8	9.2	1,181	13	4.50	0.95
		GNA Investors–US Govt Secs/GNA	—	9.9*	8.4	116	72	5.00b	*1.82*
C	A	Government Income Securities/Federated	9.0	11.0	9.5	1,402	9	1.75b	0.90
		Gradison Government Income/Gradison	—*	10.0	7.7	109	88	2.00	*1.08*
		GT Investment–Global Govt Income/GT Global	—*	9.1	11.3	352	75	4.75	*1.50*
		GW Sierra–US Govt Securities/Gt Western	—*	10.5	9.0	167	431	4.50	*1.10p*
B	C	John Hancock Bond Fund/Hancock	8.3	9.9	9.0	1,148	3	4.50	*1.31*
B	C	John Hancock Govt Spectrum[3]/Hancock	8.7	10.4	8.0	348	11	4.50	*1.41*
B	C	John Hancock Income Securities/closed-end	8.6	10.3	9.6	150	2	NA	0.69
B	C	John Hancock Investors Trust/closed-end	8.3	10.0	9.7	145	1	NA	0.71
D	C	John Hancock US Govt Securities/Hancock	6.5	8.1	8.5	187	5	4.50	*1.53*
		Helmsman–Income Fund/SEI	—*	9.2	7.6	197	242	none	*0.40p*
B	C	Home Investors Govt Income/SunAmerica	8.2	10.6	7.5	125	–8	5.00b	*1.93*

*Fund not in operation for full period. †Closed to new investors. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. §Distributor may impose redemption fee, which proceeds revert to the fund. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Closed-end fund that acts like a money market. [2]Assets include sister fund ISI Total Return. [3]Formerly John Hancock US Government Guaranteed Mortgage.

Distributor table, page 294. Rules, page 210.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 6/86 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Merrill Lynch corporate/govt bond index	8.3%	10.4%	8.6%				
		Forbes taxable bond fund composite	7.8%	9.9%	9.1%				$1.05
		Hyperion Total Return Fund/closed-end	—*	14.1%	10.8%	$272	1%	NA	$1.10
A	D	IAI Bond Fund/IAI Funds	7.7%	9.0	7.9	114	28	none	*0.88*
B	D	IDS Bond Fund/IDS	7.7	12.2	8.5	1,835	3	5.00%	0.77
D	A	IDS Federal Income Fund/IDS	8.6	10.8	8.0	397	69	5.00	0.81
B	D	IDS Selective Fund/IDS	8.1	10.5	8.1	1,305	9	5.00	0.76
B	D	IDS Strategy–Income/IDS	6.8	9.4	7.7	269	11	5.00b	*1.67*
C	B	InterCapital Income Securities/closed-end	8.2	10.1	10.5	213	2	NA	0.75
		Intermediate Bond Fund of Amer/American Funds	—*	9.2	8.9	332	146	4.75	*1.00*
		ITB–Premium Income/TNE	—*	9.5	7.9	144	474	2.50	*1.25p*
		ISI Total Return US Treas[1]/ISI	—*	7.8	8.5	373	16	4.45	*0.88*
C	B	Kemper Inc & Cap Preservation/Kemper	7.8	9.8	9.7	414	0	4.50	0.80
		Kemper Intermediate Govt/closed-end	—*	10.5	10.2	290	1	NA	0.95
D	D	Kemper Invest–Diversified Inc/Kemper	4.2	8.2	13.1	234	–16	3.00b	*2.28*
C	D	Kemper Invest–Government/Kemper	6.5	9.3	9.0	4,837	–7	3.00b	*2.01*
		Kemper Multi-Market Income/closed-end	—*	13.2	13.9	191	-3	NA	1.00
		Kemper Retirement Fund I/Kemper	—*	12.0	2.4	109	41	†	1.09
B	C	Kemper US Government Secs/Kemper	8.4	11.7	9.4	4,949	8	4.50	0.53
C	D	Keystone Custodian B-1/Keystone	6.1	8.4	7.7	433	–5	4.00b	*2.06*
D	D	Keystone Custodian B-2/Keystone	4.6	4.4	11.3	791	–14	4.00b	*1.95*
		Legg Mason Inc–US Govt Intermed/Legg Mason	—*	9.6	7.0	130	141	none	*0.80p*
A	D	Lexington GNMA Income Fund/Lexington	8.9	10.0	8.3	103	6	none	1.04
		Liberty Advantage US Govt Secs/Liberty	—*	11.4	9.0	437	44	4.50	0.90p
A	D	Lord Abbett US Govt Secs/Lord Abbett	8.5	10.3	10.2	1,853	34	4.75	*0.89*
B	C	Lutheran Brotherhood Income/Lutheran	8.6	10.0	8.9	751	2	5.00	1.02
C	C	MainStay–Government Plus/NYLife	7.4	9.1	9.6	582	23	5.00b	*1.79*
B	C	Mass Financial Bond Fund/Mass Finl	7.8	9.6	8.9	315	2	7.25	*0.79*
F	A+	MassMutual Corporate Investors/closed-end	8.6	10.3	9.2	124	0	NA	1.50
B	C	Merrill Lynch Corp–High Qual[#]/ML Funds	8.0	9.6	8.3	491	0	4.00	0.62
C	B	Merrill Lynch Federal Securities/ML Funds	8.8	11.2	8.6	2,214	-9	4.00	*0.78*
D	B	Merrill Lynch Retire/Income/ML Funds	8.0	10.3	8.0	1,606	-2	4.00b	*1.41*
		MetLife-State Street Govt Income/MetLife	—*	9.9	8.0	801	-19	none	*1.05*
		MFS Charter Income/closed-end	—*	13.7	11.7	889	-5	NA	1.08p
B	D	MFS Government Income Plus/Mass Finl	5.8	6.8	6.8	935	-23	4.75	*1.40*
		MFS Government Markets Income/closed-end	—*	7.0	8.4	773	–6	NA	1.05p
		MFS Govt Premium Account/Mass Finl	—*	7.5	6.0	410	4	3.75	*1.40*
D	C	MFS Government Securities/Mass Finl	7.2	8.8	8.4	323	-1	4.75	*1.28*
		MFS Intermediate Income/closed-end	—*	8.6	7.9	1,616	–6	NA	1.02
		MFS Lifetime Govt Income +/Mass Finl	—*	7.6	6.2	2,913	–15	6.00b	*2.92p*
		MFS Lifetime Intermediate Inc/Mass Finl	—*	7.8	6.5	150	56	6.00b	*2.33*

*Fund not in operation for full period. †Closed to new investors. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Assets include sister fund Flag Investors Total Return. Formerly CJ Lawrence Total Return US Treasury.

Distributor table, page 294. Rules, page 210.

TAXABLE BOND FUNDS

FUND SURVEY

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 6/86 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Merrill Lynch corporate/govt bond index	8.3%	10.4%	8.6%				
		Forbes taxable bond fund composite	7.8%	9.9%	9.1%				$1.05
		MFS Multimarket Income Trust/closed-end	—*	12.0%	9.5%	$946	-5%	NA	$1.13p
		MFS Multimarket Total Return/closed-end	—*	13.3	10.7	134	0	NA	1.45
D	A	Montgomery Street Income Secs/closed-end	8.7%	12.2	9.7	149	4	NA	0.68
A	F	National Federal Securities/National Secs	5.3	8.9	8.9	356	-17	4.75%	0.91
D	A	N & B Limited Maturity/N & B	7.7	8.9	7.4	143	22	none	0.65p
		New America High Income Fund/closed-end	—*	-10.1	16.3	170	-26	NA	1.72
A	F	New England Government Secs/TNE	5.6	5.3	8.4	168	-6	4.50	*1.21*
F	A	Northeast Investors Trust/Northeast Inv	4.4	5.1	16.4	275	-8	none	0.92
		Oppenheimer Multi-Sector Income/closed-end	—*	10.4	10.3	290	-1	NA	1.08
		Oppenheimer Strategic Income/Oppenheimer	—*	10.8	12.3	385	196	4.75	*1.40*
D	B	Oppenheimer US Government/Oppenheimer	7.5	9.6	9.1	342	29	4.75	*1.30*
C	B	Pacific American Income Shares/closed-end	8.7	11.3	9.6	101	1	NA	0.90
B	C	PaineWebber Fixed Inc–Inv Gr[1]/PaineWebber	7.6	10.8	8.2	218	-10	4.00	*0.91*
B	C	PaineWebber Fixed Inc–US Govt[1] [2]/PaineWebber	8.2	10.4	7.5	753	-11	4.00	*0.91*
B	D	PaineWebber Income Fund/PaineWebber	6.5	11.5	7.7	147	-15	5.00b	*1.99*
		Parkstone Bond/Winsbury	—*	8.8	7.7	432	37	4.50	0.86p
		Parkstone Intermed Govt Oblig/Winsbury	—*	9.3	7.5	143	43	4.50	0.91p
		Permanent Port–Treasury Bill/Permanent	—*	6.3	0.7	279	125	none	*0.83p*
D	B	Pilgrim GNMA Fund/Pilgrim	7.7	9.1	9.1	111	-9	4.75	*1.19*
		Pilgrim Prime Rate Trust[3]/closed-end	—*	9.2	9.1	1,054	-7	NA	1.38
F	C	Pilgrim S-T Multi-Market Inc/Pilgrim	-5.0	7.5	11.0	172	467	3.50	*1.65*
C	B	T Rowe Price GNMA Fund/Price	8.4	11.2	8.6	528	31	none	0.85
C	C	T Rowe Price New Income Fund/Price	7.8	10.3	8.1	1,149	14	none	0.88
F	A+	T Rowe Price Short-Term Bond/Price	7.1	8.2	7.5	217	4	none	0.93
C	C	Prudential GNMA Fund#/Prudential	7.1	8.6	8.9	243	10	4.50	*1.15*
B	D	Prudential Government Plus#/Prudential	7.0	8.8	7.7	2,942	-18	4.50	*0.79*
D	B	Prudential Govt Secs–Intermed/Prudential	6.9	8.8	8.8	290	-15	none	*0.88*
		Prudential Intermediate Income/closed-end	—*	7.4	9.9	425	-2	NA	1.04
		Prudential Strategic Income#/Prudential	—*	3.9	11.2	292	-44	4.50	*1.39*
		Prudential Structured Mat#/Prudential	—*	10.3	8.3	113	6	3.25	*0.22p*
		Prudential US Government#/Prudential	—*	5.6	7.5	161	-10	4.50	*1.14*
		Putnam Diversified Income Trust/Putnam	—*	12.4	9.6	153	21	4.75	*1.59*
B	D	Putnam Federal Income/Putnam	6.9	9.3	8.3	738	-15	4.75	*1.14*
A	D	Putnam High Income Government/Putnam	6.7	10.0	7.9	5,172	-23	6.75	*0.95*
B	C	Putnam Income Fund/Putnam	8.2	10.7	10.0	471	9	4.75	*1.05*
		Putnam Intermediate Govt Inc/closed-end	—*	10.2	8.6	559	0	NA	1.02
		Putnam Master Intermediate Inc/closed-end	—*	11.2	10.0	307	-3	NA	1.04
D	A	Putnam US Govt Income[4]/Putnam	9.1	10.5	9.6	2,063	35	4.75	*1.07*
		RAC Income Fund/closed-end	—*	12.8	11.3	114	2	NA	1.23

*Fund not in operation for full period. †Closed to new investors. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] As of 7/1/91 two classes of shares available, one with front-end load, the other with exit fee and 12b-1. [2] Formerly PaineWebber Fixed Income–GNMA. [3] Closed-end fund that acts like a money market. [4] Formerly Putnam US Government Guaranteed Securities.

Distributor table, page 294. Rules, page 210.

TAXABLE BOND FUNDS

FUND SURVEY

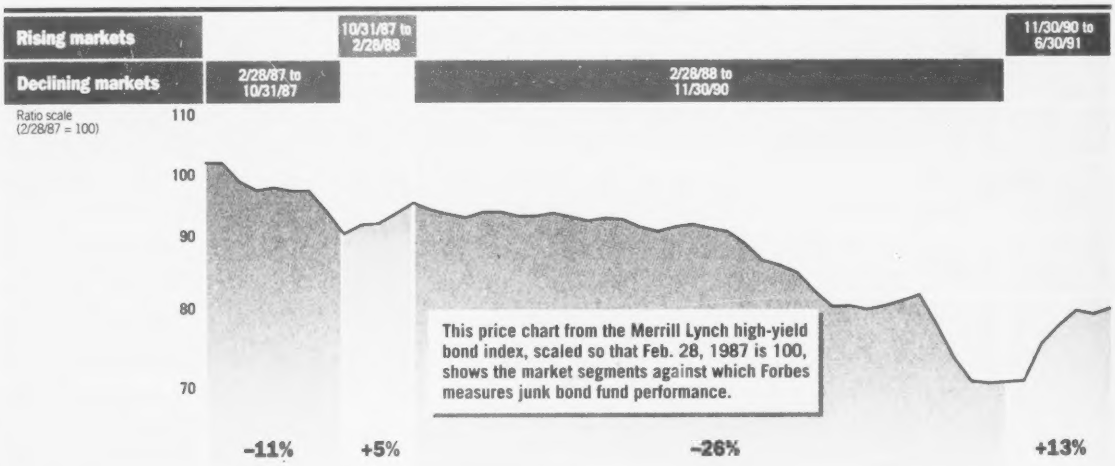
Performance UP markets	Performance DOWN markets	Fund/distributor	Total return Annual average 6/86 to 6/91	Total return Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	8.3%	10.4%	8.6%				
		Forbes taxable bond fund composite	7.8%	9.9%	9.1%				$1.05
		Salem Funds–Fixed Income[1]/Federated	—*	12.5%	6.9%	$170	NM	4.00%	*$0.84p*
C	B	Scudder GNMA Fund/Scudder	8.6%	11.2	8.3	276	10%	none	1.04
B	C	Scudder Income Fund/Scudder	8.3	10.3	8.2	326	18	none	1.03
C	B	Scudder Short Term Bond Fund/Scudder	8.7	12.6	9.2	733	289	none	0.41p
		Shearson Income–Divers Strategic/Shearson	—*	11.0	10.2	435	167	5.00b	*0.85p*
		Shearson Income–Mortgage/Shearson	—*	10.8	8.2	541	–16	5.00b	*1.62*
B	D	Shearson Invest–Govt Secs/Shearson	6.1	8.2	8.1	1,329	–21	5.00b	*1.48*
A+	F	Shearson Invest–Inv Grade Bond/Shearson	6.9	9.0	8.2	390	–12	5.00b	*1.57*
C	B	Shearson Managed Governments/Shearson	7.7	8.9	9.1	470	–9	5.00	0.83
A	C	Smith Barney–US Government/Smith Barney	9.5	11.3	8.9	353	5	4.00	0.42
		Spartan Government Income[2]/Fidelity	—*	10.6	8.2	430	30	none	0.53p
		Spartan Limited Maturity Govt/Fidelity	—*	10.3	8.5	680	408	none	0.58p
B	D	SteinRoe Intermediate Bond/Stein Roe	7.4	10.7	8.3	184	14	none	0.73
		Strong Advantage Fund/Strong	—*	7.9	8.0	111	–20	none	1.20
F	A+	SunAmerica Equity–US Govt Secs[3]/SunAmerica	7.4	9.5	9.2	512	21	5.00b	*2.00p*
D	B	Thomson Fund–Income#/Thomson	5.9	4.3	10.4	292	–26	4.75	*1.07*
C	D	Thomson Fund–US Government#/Thomson	6.9	9.3	8.9	427	–11	4.75	*0.95*
C	C	Transamerica Govt Securities/Transamerica	7.1	10.1	10.7	734	–13	4.75	*1.11*
A	C	Transamerica Income Shares/closed-end	10.2	12.9	9.3	122	3	NA	0.69
		Transamerica Special Govt Inc/Transamerica	—*	8.6	9.4	103	83	6.00b	*2.00p*
D	A	20th Century US Governments/20th Century	7.0	8.9	7.5	478	10	none	1.00
		Tyler Cabot Mortgage Securities[4]/closed-end	—*	12.4	11.3	331	1	NA	1.11
C	C	United Bond Fund/Waddell	7.5	7.7	8.4	457	8	8.50	0.66
B	D	United Government Securities/Waddell	6.3	8.7	8.1	120	15	4.25	0.80
C	B	US Government Secs/American Funds	8.0	9.9	9.4	928	54	4.75	*0.87*
A	C	USAA Mutual–Income Fund/USAA	9.8	11.4	8.8	656	57	none	0.46
C	A	Value Line US Government Secs/Value Line	8.8	11.0	8.4	311	21	none	0.66
		Van Kampen Merrit Intermed Hi Inc/closed-end	—*	1.7	16.3	137	–22	NA	2.10
		Van Kampen Merritt Ltd High Inc/closed-end	—*	2.1	14.8	106	–17	NA	2.12
		Van Kampen Merritt Prime Rate[5]/closed-end	—*	9.5	9.4	1,020	64	NA	1.58
A	C	Van Kampen Merritt US Govt/Van Kampen	8.9	11.0	9.3	3,290	–2	4.90	*0.64*
		Vanguard Bond Market Fund/Vanguard	—*	10.6	8.3	559	228	none[6]	0.21
A	C	Vanguard Fixed Income–GNMA/Vanguard	9.6	11.6	8.7	3,564	54	none	0.34
A+	D	Vanguard Fixed Income–Inv Gr/Vanguard	8.7	9.9	8.9	1,458	35	none	0.37
D	A+	Vanguard Fixed Income–S-T/Vanguard	8.3	10.5	8.2	1,143	71	none	0.31
		Vanguard Fixed Inc–S-T Govt/Vanguard	—*	10.0	7.8	663	155	none	0.30
A+	F	Vanguard Fixed Inc–US Treas/Vanguard	7.1	8.7	8.2	702	33	none	0.30
C	B	WPG Government Securities Fund/Weiss	8.3	10.0	7.9	152	44	none	0.76
		Zenix Income Fund/closed-end	—*	5.6	15.5	145	8	NA	2.47

*Fund not in operation for full period. †Closed to new investors. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. NM: Not meaningful. [1] Fund has institutional class of shares with no load or 12b-1 plan. [2] Formerly Spartan Government Fund. [3] Formerly Equitec Siebel US Government Securities. [4] Formerly Lomas Mortgage Securities. [5] Closed-end fund that acts like a money market. [6] Annual $10 maintenance fee.

Distributor table, page 294. Rules, page 210.

Junk bond funds

Junk bond funds invest in non-investment-grade corporate bonds (those rated BB+ or lower by Standard & Poor's and Ba1 or lower by Moody's). Since junk bonds perform more like stocks (their market value is more sensitive to corporate cash flow and future prospects than to movements in interest rates), we rate these bond funds with a system that is similar to the one we use for stock funds. The only difference is that we analyze junk bond funds over two instead of three market cycles. Our benchmark for junk bond performance is the Merrill Lynch high yield index, which represents a portfolio of the entire junk bond universe. Over the last 12 months the total return on this index was 13%, whereas the average junk fund in our survey had a total return of only 9.7%. There are several explanations for this performance discrepancy: A number of these funds include some nonjunk investments in their portfolios, such as cash. Moreover, some portfolios were too heavily weighted with bonds that went into default. Others may have missed out on some of the recent junk rally by the way they adjusted their portfolios. Some managers responded to the 1989-90 crash in the junk market by shifting into the better grades of junk. That ceased to be a good strategy last fall, when the market snapped back—with the biggest gains coming in the worst grades of bonds. A fund must have $100 million in assets to appear in the following table.



This price chart from the Merrill Lynch high-yield bond index, scaled so that Feb. 28, 1987 is 100, shows the market segments against which Forbes measures junk bond fund performance.

Performance UP markets	 DOWN markets	Fund/distributor	Total return Annual average 2/87 to 6/91	 Last 12 months	Yield	Assets 6/30/91 ($mil)	 % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Merrill Lynch high yield index	7.5%	13.0%	12.8%				
		Forbes junk bond fund composite	3.6%	9.7%	13.9%				$1.22
C	D	Alliance Bond–High Yield/Alliance	-2.1%	11.1%	11.5%	$100	-22%	4.75%	*$1.60*
C	D	American Capital High Yld Inv/American Cap	0.0	4.4	15.2	319	-15	4.75	*1.03*
		American High-Income Trust/American Funds	—*	13.8	11.6	213	48	4.75	*1.00p*
		Cigna High Income Shares/closed-end	—*	8.8	15.8	165	-8	NA	1.59
B	A	Cigna High Yield Fund/Cigna	6.4	11.4	12.3	243	-3	5.00	*1.25p*
B	B	Colonial High Yield Securities/Colonial	4.5	7.5	14.1	279	-14	4.75	*1.33*

*Fund not in operation for full period. †Closed to new investors. §Distributor may impose redemption fee, which proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

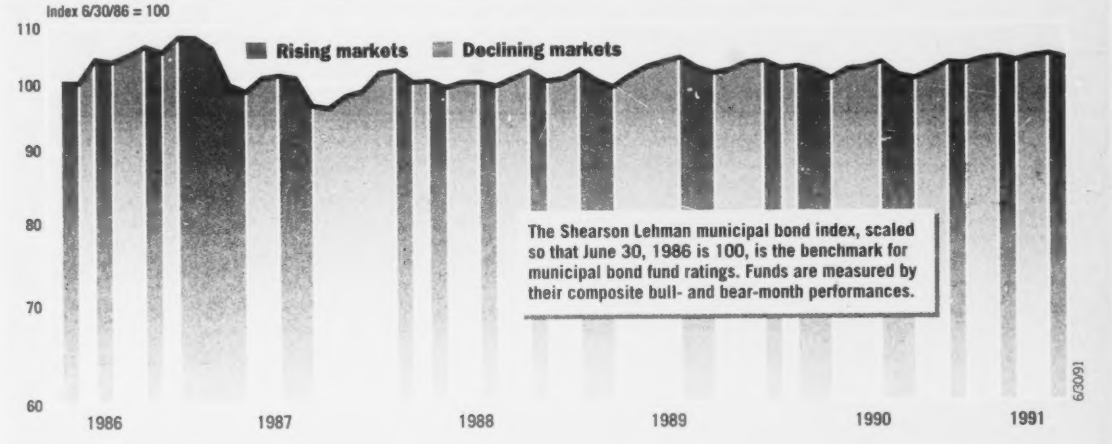
Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 2/87 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Merrill Lynch high yield index	7.5%	13.0%	12.8%				
		Forbes junk bond fund composite	3.6%	9.7%	13.9%				**$1.22**
B	F	**Dean Witter High Yield Secs/Dean Witter**	-5.6%	-5.0%	18.4%	$419	-46%	5.50%	$0.92
A	B	**Delaware Group Delchester H-Y-I/Delaware**	6.1	13.5	13.5	494	-6	6.75	0.90
		Delaware Group Delchester H-Y-II/Delaware	—*	13.1	13.2	109	18	4.75	*1.15*
A	C	**Federated High Yield Trust/Federated**	6.0	15.1	14.8	133	3	none	0.78p
D	B	**Fidelity Capital & Income[1]/Fidelity**	4.0	12.6	10.2	978	-18	none§	0.81
D	D	**First Investors Fund for Income/First Inv**	0.0	2.0	14.4	420	-57	†	*1.27*
F	D	**First Investors High Yield Fund/First Inv**	-0.7	-0.2	13.0	215	-67	†	*1.48*
A	D	**Franklin AGE High Income Fund/Franklin**	3.8	11.6	15.4	1,628	-5	4.00	0.59
		High Income Advantage Trust/closed-end	—*	4.4	14.1	156	-14	NA	1.22
		High Income Advantage Trust II/closed-end	—*	1.8	14.3	203	-17	NA	1.09
C	C	**IDS Extra Income Fund/IDS**	3.3	12.5	11.4	946	-4	5.00	0.87
A	C	**Kemper Diversified Income Fund/Kemper**	4.6	11.6	13.9	211	-12	4.50	1.15
		Kemper High Income Trust/closed-end	—*	12.8	14.5	163	-2	NA	2.35
A	B	**Kemper High Yield Fund/Kemper**	6.7	11.6	14.7	1,571	8	4.50	0.88
B	C	**Kemper Invest-High Yield/Kemper**	4.2	9.5	14.1	734	4	3.00b	*2.13*
D	D	**Keystone Custodian B-4/Keystone**	-2.1	-3.5	18.2	661	-18	4.00b	*2.22*
A	B	**Liberty High Income Bond[2]/Federated**	6.7	18.3	12.9	272	-6	4.50	1.03
C	A	**Lord Abbett Bond-Debenture/Lord Abbett**	5.7	9.3	12.2	547	-8	4.75	*0.88*
		Lutheran Brotherhood High Yield/Lutheran	—*	13.2	11.1	167	7	5.00	1.23
D	B	**MainStay-High Yield Corp Bond/NYLife**	3.6	8.7	14.9	239	18	5.00b	*2.00*
B	C	**Mass Financial High Inc-Series I/Mass Finl**	3.1	13.0	14.5	462	-14	4.75	*1.05*
B	A	**Merrill Lynch Corp-High Inc#/ML Funds**	8.1	13.4	13.9	720	2	4.00	0.69
B	C	**MetLife-State Street High Income/MetLife**	4.6	4.7	12.9	213	18	4.50	*1.20*
A	D	**MFS Lifetime High Income Trust/Mass Finl**	3.2	15.3	13.8	164	30	6.00b	*2.60*
C	D	**National Bond Fund/National Secs**	0.1	15.2	16.4	357	-5	4.75	1.15
D	A	**Oppenheimer High Yield Fund/Oppenheimer**	7.0	11.8	14.7	657	1	6.75	0.96
B	C	**PaineWebber Fixed Inc-Hi Inc[3]/PaineWebber**	3.8	17.1	13.4	222	-10	4.00	*1.10*
D	B	**T Rowe Price High Yield Fund/Price**	4.3	7.3	13.0	803	16	none	1.03
C	C	**Prudential High Yield Fund#/Prudential**	3.9	12.7	14.4	2,043	-2	4.50	*0.93*
C	A	**Putnam High Yield Trust/Putnam**	5.6	14.6	14.5	1,736	0	6.75	*1.13*
B	B	**Putnam High Yield Trust II/Putnam**	6.0	16.1	13.9	324	2	6.75	*1.44*
D	B	**Shearson High Yield/Shearson**	2.7	4.4	14.2	196	-30	5.00	1.04
C	C	**Shearson Income-High Income/Shearson**	3.3	6.6	13.3	227	-29	5.00b	*1.90*
D	D	**United High Income Fund/Waddell**	0.1	5.6	14.2	783	-11	†	0.82
D	A	**United High Income Fund II/Waddell**	4.0	11.5	12.5	273	-2	8.50	0.92
C	C	**Van Kampen Merritt High Yield/Van Kampen**	3.0	8.2	14.5	199	-10	4.90	*1.41*
C	A	**Vanguard Fixed Income-High Yld/Vanguard**	4.9	7.4	12.7	1,041	15	none	0.40

*Fund not in operation for full period. †Closed to new investors. §Distributor may impose redemption fee, which proceeds revert to the fund. #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Fidelity High Income Fund. [2]Formerly Federated High Income Securities. [3]Formerly PaineWebber Fixed Income-High Yield. As of 7/1/91 two classes of shares available, one with front-end load, the other with exit fee and 12b-1.

Distributor table, page 294. Rules, page 210.

Municipal bond funds

This table covers tax-exempt bond funds with at least $100 million in assets and a year of performance. Grades are awarded for the period June 30, 1986 to June 30, 1991. Each month is pegged as bearish or bullish, according to the performance of the Shearson Lehman municipal bond index. For each fund a composite bull-market performance is calculated, and the funds are graded on a curve. Ditto for our down-market calculation. Adjustment is made to compensate funds from California and New York for their handicap in buying only local bonds. Because of their limited number, the performance of other one-state funds cannot be adjusted. In general, a short-term fund can be expected to get an A or B in down markets and a D or F in up markets. The reverse is true for long-term funds.



The Shearson Lehman municipal bond index, scaled so that June 30, 1986 is 100, is the benchmark for municipal bond fund ratings. Funds are measured by their composite bull- and bear-month performances.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return Annual average 6/86 to 6/91	Total return Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index	7.2%	9.0%	7.3%				
		Forbes municipal bond fund composite	7.6%	8.2%	6.8%				$0.76
		AAL Municipal Bond Fund/AAL	—*	8.2%	6.1%	$121	42%	4.75%	*$1.10p*
A	D	AARP Insured T-F Inc–Genl Bond/Scudder	8.1%	8.2	6.0	967	33	none	0.80
F	A	AARP Insured T-F Inc–Short-Term/Scudder	5.3	6.5	6.0	113	21	none	1.12
		Alliance Muni Income–Calif/Alliance	—*	8.3	6.9	198	47	4.50	*0.28p*
		Alliance Muni Income–Ins Natl/Alliance	—*	8.9	6.4	125	8	4.50	*0.93p*
		Alliance Muni Income–Natl/Alliance	—*	9.2	6.9	200	10	4.50	*0.64p*
		Alliance Muni Income–New York/Alliance	—*	8.4	6.9	128	12	4.50	*0.54p*
		Allstate Municipal Income/closed-end	—*	8.0	6.7	339	2	NA	0.75
		Allstate Municipal Income II/closed-end	—*	8.8	6.4	286	1	NA	0.87
		Allstate Municipal Inc Oppor/closed-end	—*	7.3	7.9	202	1	NA	1.12

*Fund not in operation for full period. †Closed to new investors. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return: Annual average 6/86 to 6/91	Total return: Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index	7.2%	9.0%	7.3%				
		Forbes municipal bond fund composite	7.6%	8.2%	6.8%				**$0.76**
		Allstate Municipal Inc Oppor II/closed-end	—*	8.1%	7.6%	$194	1%	NA	$1.06
		Allstate Municipal Inc Oppor III/closed-end	—*	9.7	6.3	109	2	NA	1.12
		Allstate Municipal Premium Inc/closed-end	—*	10.1	6.7	372	1	NA	1.57
B	F	American Capital Muni Bond/American Cap	6.4%	7.6	6.9	253	3	4.75%	*0.86*
D	A	American Capital T-E Hi Yld/American Cap	5.9	7.1	7.9	216	–4	4.75	*1.04*
D	A	Benham Calif Tax-Free–Intermed/Benham	6.3	7.9	5.8	225	19	none	0.58
B	D	Benham Calif Tax-Free–L-T/Benham	7.1	8.4	6.4	226	12	none	0.57
		Bernstein Diversified Muni/Bernstein	—*	8.0	5.8	193	16	none	0.72
		Bernstein New York Muni/Bernstein	—*	8.4	5.8	179	23	none	0.71
D	B	California Tax-Exempt Bonds/National Secs	8.1	8.6	6.7	128	16	4.75	0.63
D	A	California Tax-Free Income/California Inv	8.2	7.5	6.5	119	38	none	0.60p
F	A+	Calvert Tax-Free Reserves–Limited/Calvert	6.1	6.4	6.1	220	68	2.00	0.78
A+	F	Cigna Municipal Bond Fund/Cigna	7.9	8.1	6.8	261	1	5.00	*0.93*
D	C	Colonial California Tax-Exempt/Colonial	7.0	7.9	6.9	267	29	4.75	*0.80p*
		Colonial High Income Municipal/closed-end	—*	5.8	9.0	271	-3	NA	0.96
		Colonial Investment Grade Muni/closed-end	—*	8.3	8.3	125	0	NA	0.45p
		Colonial Mass Tax-Exempt/Colonial	—*	9.0	7.2	111	85	4.75	0.40p
		Colonial Municipal Income Trust/closed-end	—*	6.4	8.9	219	-2	NA	0.86
D	B	Colonial Tax-Exempt Fund/Colonial	7.5	8.4	7.5	2,238	30	4.75	*1.05*
C	C	Colonial Tax-Exempt Insured/Colonial	7.2	8.3	6.5	166	26	4.75	*1.10*
B	C	Columbia Municipal Bond Fund/Columbia	8.1	8.8	6.3	238	24	none	0.58
D	B	Composite Tax-Exempt Bond/Murphey	7.1	7.8	6.4	123	16	4.00	*0.77*
A	D	Dean Witter Calif Tax-Free Inc/Dean Witter	7.7	7.2	5.9	745	19	5.00b	*1.30*
B	D	Dean Witter NY Tax-Free Income/Dean Witter	7.2	7.7	6.0	166	8	5.00b	*1.37*
A	C	Dean Witter Tax-Ex Secs/Dean Witter	8.4	8.7	7.1	1,057	3	4.00	0.51
C	B	Delaware Group Tax-Free–USA/Delaware	8.2	7.4	6.9	655	7	4.75	0.74
C	B	DMC Tax-Free Income Trust–PA/Delaware	7.9	8.1	6.9	694	9	4.75	0.72
D	B	Dreyfus California Tax-Ex Bond/Dreyfus	6.9	7.2	6.8	1,618	7	none	0.68
D	C	Dreyfus Insured Muni Bond/Dreyfus	6.8	7.8	6.4	223	13	none	*0.96*
D	A	Dreyfus Intermediate Muni Bond/Dreyfus	7.4	8.3	6.8	1,222	9	none	0.66
D	C	Dreyfus Massachusetts T-E Bond/Dreyfus	6.6	7.6	6.7	123	12	none	0.81
		Dreyfus Municipal Income/closed-end	—*	9.5	7.1	184	3	NA	0.86
		Dreyfus NJ Municipal Bond/Dreyfus	—*	9.1	6.5	427	41	none	*0.77p*
		Dreyfus NY Insured T-E Bond/Dreyfus	—*	8.7	6.3	120	42	none	*0.50p*
D	B	Dreyfus NY Tax-Exempt Bond/Dreyfus	7.0	8.0	7.0	1,714	1	none	0.70
		Dreyfus NY T-E Intermed Bond/Dreyfus	—*	7.9	6.4	112	17	none	*0.42p*
		Dreyfus Strategic Municipal Bond/closed-end	—*	8.9	7.5	400	4	NA	0.56p

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Distributor table, page 294. Rules, page 210.

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return: Annual average 6/86 to 6/91	Total return: Last 12 months	Yield	Assets: 6/30/91 ($mil)	Assets: % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index	7.2%	9.0%	7.3%				
		Forbes municipal bond fund composite	7.6%	8.2%	6.8%				$0.76
		Dreyfus Strategic Municipals/closed-end	—*	8.3%	7.8%	$499	3%	NA	$0.88
C	B	Dreyfus Tax-Exempt Bond Fund/Dreyfus	7.9%	8.5	7.0	3,819	1	none	0.67
		Dupree–Kentucky T-F Income/Dupree	—*	8.4	6.6	114	30	none	0.75
C	D	Eaton Vance California Munis[1]/Eaton Vance	6.3	6.2	6.7	328	18	6.00b%	*1.95*
D	C	Eaton Vance National Munis/Eaton Vance	5.8	6.3	7.6	1,117	5	6.00b	*1.89*
D	B	Federated Intermediate Municipal/Federated	6.5	8.1	6.2	120	25	none	0.49p
C	B	Federated Tax-Free Income Fund/Federated	8.1	8.5	6.6	532	5	4.50	0.89
		Fidelity Calif Tax-Free Insured/Fidelity	—*	7.7	6.2	118	28	none	0.72
C	C	Fidelity Calif Tax-Free High Yield/Fidelity	7.3	7.9	6.6	515	–1	none	0.58
C	B	Fidelity Mass Tax-Free High Yield/Fidelity	7.9	9.8	7.0	801	12	none	0.55
B	C	Fidelity Mich Tax-Free High Yield/Fidelity	7.7	7.5	6.9	318	20	none	0.64
C	B	Fidelity Minn Tax-Free/Fidelity	8.4	8.6	6.6	189	25	none	0.76
C	B	Fidelity NY Tax-Free High Yield/Fidelity	7.5	7.8	6.7	380	–3	none	0.59
C	C	Fidelity NY Tax-Free Insured/Fidelity	7.2	8.4	6.3	253	17	none	0.64
C	D	Fidelity Ohio Tax-Free High Yield/Fidelity	6.7	9.2	6.6	271	24	none	0.66
D	A	Fidelity Tax-Free–Aggressive/Fidelity	8.8	8.8	7.8	584	7	none§	0.66
B	C	Fidelity Tax-Free–High Yield/Fidelity	8.5	10.8	6.8	1,848	8	none	0.57
B	D	Fidelity Tax-Free–Insured/Fidelity	7.5	8.5	6.3	243	31	none	0.67
D	B	Fidelity Tax-Free–Ltd Term Munis/Fidelity	7.2	9.3	6.6	524	22	none	0.67
B	C	Fidelity Tax-Free–Municipal Bond/Fidelity	8.1	8.2	6.5	1,080	4	none	0.50
A+	F	Financial Tax-Free Income Shs/Invesco	8.6	8.5	6.4	208	16	none	*0.93*
D	A	First Investors Insured Tax-Ex/First Inv	7.6	7.9	7.0	1,145	3	6.90	*1.21*
D	B	First Investors NY Insured T-F/First Inv	6.9	8.2	6.4	154	–1	6.90	*1.23*
		Flagship Tax-Ex–Conn Double/Flagship	—*	7.4	6.5	104	37	4.20	*0.62*
		Flagship Tax-Ex–Fla Double/Flagship	—*	8.8	6.5	144	NM	4.20	*0.40p*
		Flagship Tax-Ex–Kentucky Triple/Flagship	—*	9.0	6.6	145	28	4.20	*0.60*
A	D	Flagship Tax-Ex–Michigan Triple/Flagship	8.3	8.0	6.6	138	30	4.20	*0.86*
A	F	Flagship Tax-Ex–NC Triple/Flagship	7.7	8.2	6.3	109	13	4.20	*0.94*
A	D	Flagship Tax-Ex–Ohio Double/Flagship	8.2	8.3	6.5	270	15	4.20	*0.94*
		Fortress Municipal Income/Federated	—*	8.9	7.0	125	42	1.75b	*1.02p*
		Franklin Arizona Tax-Free Income/Franklin	—*	7.7	7.2	487	78	4.00	0.59
B	D	Franklin Calif Insured T-F Income/Franklin	7.1	7.7	6.6	472	54	4.00	0.57
D	A	Franklin Calif Tax-Free Income/Franklin	7.8	7.2	7.2	11,775	8	4.00	0.48
B	C	Franklin Federal Tax-Free Income/Franklin	8.3	8.3	7.5	4,449	11	4.00	0.50
		Franklin Florida Tax-Free Income/Franklin	—*	8.1	7.3	705	66	4.00	0.57
D	A	Franklin High Yield Tax-Free Income/Franklin	8.4	6.9	8.1	1,819	10	4.00	0.52
B	D	Franklin Insured Tax-Free Income/Franklin	8.0	8.9	6.8	913	20	4.00	0.53

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Distributor table, page 294. Rules, page 210.

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 6/86 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Shearson Lehman municipal bond index	7.2%	9.0%	7.3%				
		Forbes municipal bond fund composite	7.6%	8.2%	6.8%				$0.76
C	D	Franklin Mass Insured T-F Income/Franklin	7.1%	8.2%	6.7%	$174	31%	4.00%	$0.70
B	C	Franklin Mich Insured T-F Income/Franklin	7.8	7.9	6.6	561	23	4.00	0.61
B	C	Franklin Minn Insured T-F Income/Franklin	7.7	7.4	6.9	306	21	4.00	0.67
		Franklin NJ Tax-Free Income/Franklin	—*	9.3	6.9	292	100	4.00	0.65
C	B	Franklin NY Tax-Free Income/Franklin	8.0	7.8	7.3	3,127	6	4.00	0.50
B	C	Franklin Ohio Insured T-F Income/Franklin	7.8	8.2	6.8	314	34	4.00	0.65
		Franklin Oregon Tax-Free Income/Franklin	—*	8.4	6.6	150	67	4.00	0.70
		Franklin Penn Tax-Free Income/Franklin	—*	7.1	7.4	336	53	4.00	0.62
C	C	Franklin PR Tax-Free Income/Franklin	7.4	8.0	6.6	106	25	4.00	0.70
		Franklin Virginia Tax-Free Income/Franklin	—*	8.1	7.1	106	109	4.00	0.72
		Freedom Inv–Managed Tax-Ex/Freedom	—*	8.4	6.6	178	35	3.00b	*0.99p*
		General Calif Municipal Bond/Dreyfus	—*	7.0	7.2	212	173	none	*0.20p*
A	D	General Municipal Bond/Dreyfus	8.0	9.9	7.6	418	125	none	*0.00p*
D	A	General NY Municipal Bond/Dreyfus	6.7	8.7	7.1	151	74	none	*0.26p*
		GW Sierra–Calif Muni Income/Gt Western	—*	7.4	6.5	203	118	4.50	*1.08p*
B	C	John Hancock Tax-Exempt Income/Hancock	8.1	8.2	6.4	396	4	4.50	*1.23*
D	A	Hawaiian Tax-Free Trust/Aquila	7.6	7.8	6.6	413	18	4.00	0.71
		IDS California Tax-Exempt Fund/IDS	—*	7.8	6.5	185	30	5.00	0.61
C	B	IDS High Yield Tax-Exempt Fund/IDS	8.2	8.1	7.4	4,967	8	5.00	0.60
		IDS Insured Tax-Exempt Fund/IDS	—*	8.3	6.3	195	46	5.00	0.68
		IDS Minnesota Tax-Exempt Fund/IDS	—*	8.2	6.6	233	29	5.00	0.63
A	D	IDS Tax-Exempt Bond Fund/IDS	7.7	6.7	6.5	1,144	8	5.00	0.61
B	B	Kemper California Tax-Free Inc/Kemper	8.6	8.4	6.5	914	27	4.50	0.64
A	C	Kemper Municipal Bond Fund/Kemper	8.8	9.1	6.8	2,311	11	4.50	0.48
		Kemper Municipal Income Trust/closed-end	—*	11.5	7.5	421	4	NA	0.73
B	C	Kemper New York Tax-Free Fund/Kemper	7.1	9.1	6.8	216	30	4.50	0.72
		Kemper Strategic Muni Income/closed-end	—*	9.2	6.7	117	2	NA	0.76
		Keystone America Tax-Free Inc/Keystone	—*	7.5	6.1	138	-10	2.00	*1.66*
B	D	Keystone Tax-Exempt Trust/Keystone	7.3	7.3	6.0	597	0	4.00b	*1.93*
C	B	Keystone Tax-Free Fund/Keystone	7.7	7.6	6.8	1,068	23	†	*1.18*
D	A+	Limited Term Municipal–Natl/Thornburg	7.1	7.6	6.6	310	44	3.50	*1.05*
B	C	Lord Abbett Calif Tax-Free Inc/Lord Abbett	8.3	9.1	6.5	123	15	4.75	*0.61p*
B	C	Lord Abbett Tax-Free Inc–Natl/Lord Abbett	8.9	8.8	6.6	358	11	4.75	*0.79*
B	B	Lord Abbett Tax-Free Inc–NY/Lord Abbett	8.6	8.7	6.8	209	15	4.75	*0.78*
C	B	Lutheran Brotherhood Muni Bond/Lutheran	8.3	8.5	6.8	402	11	5.00	0.86
D	B	MainStay–Tax-Free Bond/NYLife	6.6	7.1	6.2	163	24	5.00b	*1.89*
C	C	Merrill Lynch Calif Muni Bond#/ML Funds	7.3	7.2	6.6	711	1	4.00	0.65

*Fund not in operation for full period. †Closed to new investors. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

MUNICIPAL BOND FUNDS

FUND SURVEY

Performance UP markets	Performance DOWN markets	Fund/distributor	Total return Annual average 6/86 to 6/91	Total return Last 12 months	Yield	Assets 6/30/91 ($mil)	Assets % change 91 vs 90	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index	7.2%	9.0%	7.3%				
		Forbes municipal bond fund composite	7.6%	8.2%	6.8%				$0.76
C	C	Merrill Lynch Muni–Hi Yield#/ML Funds	8.1%	8.0%	7.1%	$1,469	–5%	4.00%	NA
B	C	Merrill Lynch Muni–Insured#/ML Funds	8.2	8.8	6.8	2,522	4	none	NA
F	A+	Merrill Lynch Muni–Ltd Mat/ML Funds	5.7	6.5	5.8	351	0	0.75	$0.40
		Merrill Lynch Municipal Income#/ML Funds	—*	7.0	6.3	102	–16	2.00	0.92
B	C	Merrill Lynch NY Muni Bond#/ML Funds	7.2	7.7	6.7	559	–7	4.00	0.68
		MFS Lifetime Managed Muni Bond/Mass Finl	—*	6.6	5.9	391	6	6.00b	*2.05*
D	A	MFS Managed High Yield Muni Bond/Mass Finl	6.6	5.6	8.5	632	–8	†	1.05
C	B	MFS Managed M-S Tax-Ex–Md/Mass Finl	7.8	7.8	6.4	108	12	4.75	*1.17*
C	B	MFS Managed M-S Tax-Ex–Mass/Mass Finl	7.5	8.7	6.8	221	2	4.75	*1.07*
C	C	MFS Managed M-S Tax-Ex–NC/Mass Finl	7.4	7.9	6.3	263	34	4.75	*1.09*
C	B	MFS Managed M-S Tax-Ex–Va/Mass Finl	8.1	7.9	6.5	300	19	4.75	*1.11*
A	D	MFS Managed Municipal Bond/Mass Finl	8.4	8.2	6.5	1,571	13	4.75	0.60
		MFS Municipal Income Trust/closed-end	—*	3.6	8.4	320	–4	NA	1.30
		Municipal High Income Fund/closed-end	—*	7.4	8.0	169	2	NA	1.95
		MuniEnhanced Fund/closed-end	—*	9.9	7.0	468	2	NA	0.71
		MuniVest Fund/closed-end	—*	9.5	7.6	826	2	NA	0.67
A	D	Mutual of Omaha T-F Inc/Mutual of Omaha	8.6	8.6	6.4	378	6	4.75	*0.78*
B	D	Nationwide Tax-Free Fund/Nationwide	6.9	7.7	6.2	108	25	5.00b	*1.00p*
A	D	New England Tax-Exempt Income/TNE	7.3	7.3	6.2	150	4	4.50	*0.97*
D	F	New York Muni Fund/Fundamental	4.6	1.3	6.0	173	–27	none	*1.48*
		Nuveen Calif Muni Market Oppor/closed-end	—*	10.1	7.1	165	54	NA	0.82
		Nuveen Calif Muni Value/closed-end	—*	8.0	6.5	187	2	NA	0.89
		Nuveen Calif Performance Plus Muni/closed-end	—*	9.8	7.1	263	2	NA	0.78
		Nuveen Calif Tax-Free–Spec Bond/Nuveen	—*	8.2	6.5	108	37	4.75	0.69
		Nuveen Insured T-F Bond–Natl/Nuveen	—*	9.3	6.3	211	59	4.75	0.77
		Nuveen Insured T-F Bond–NY/Nuveen	—*	8.7	6.4	102	86	4.75	0.71
		Nuveen Invest Quality Muni/closed-end	—*	10.7	6.1	749	78	NA	0.74
		Nuveen Municipal Advantage Fund/closed-end	—*	10.5	7.6	884	2	NA	0.75
C	B	Nuveen Municipal Bond Fund/Nuveen	8.7	8.7	6.7	1,551	20	4.75	0.61
		Nuveen Municipal Market Oppor/closed-end	—*	11.2	7.5	933	3	NA	0.74
		Nuveen Municipal Value Fund/closed-end	—*	8.7	7.0	1,645	2	NA	0.86
		Nuveen NY Muni Market Oppor/closed-end	—*	9.1	6.7	121	53	NA	0.84
		Nuveen NY Muni Value/closed-end	—*	8.2	6.7	115	2	NA	0.96
		Nuveen NY Performance Plus Muni/closed-end	—*	9.6	7.5	147	2	NA	0.84
		Nuveen Performance Plus Muni/closed-end	—*	10.6	7.2	1,198	2	NA	0.75
		Nuveen Premium Income Muni/closed-end	—*	10.7	7.2	1,123	3	NA	0.64
		Oppenheimer Calif Tax-Exempt/Oppenheimer	—*	7.8	6.8	113	56	4.75	*0.53p*

*Fund not in operation for full period. †Closed to new investors. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

MUNICIPAL BOND FUNDS

FUND SURVEY

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 6/86 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Shearson Lehman municipal bond index	7.2%	9.0%	7.3%				
		Forbes municipal bond fund composite	7.6%	8.2%	6.8%				$0.76
D	A	Oppenheimer New York Tax-Ex/Oppenheimer	7.1%	8.1%	6.8%	$312	28%	4.75%	*$0.95*
C	B	Oppenheimer Tax-Free Bond/Oppenheimer	7.7	8.0	6.9	313	31	4.75	*0.89*
		Overland Express Calif T-F Bond/Overland	—*	8.7	6.9	282	115	4.50	0.22p
D	B	Pacific Horizon–Calif T-E Bond/Concord Finl	7.0	7.8	6.4	116	11	4.50	*1.01p*
C	B	PaineWebber California T-F Inc[1]/PaineWebber	8.4	11.3	6.6	223	9	4.00	*0.93*
B	C	PaineWebber National T-F Inc[1,2]/PaineWebber	7.9	7.9	6.7	357	6	4.00	*0.73*
		Pierpont Tax-Exempt Bond/TBC	—*	8.7	5.9	169	17	none	0.79p
		Premier Calif Muni Bond/Dreyfus	—*	7.3	7.1	198	84	4.50	*0.11p*
		Premier Municipal Bond/Dreyfus	—*	9.6	7.4	269	117	4.50	*0.22p*
		Premier State Muni–Conn/Dreyfus	—*	7.5	6.8	199	94	4.50	*0.21p*
		Premier State Muni–Florida/Dreyfus	—*	9.1	7.1	190	116	4.50	*0.21p*
		Premier State Muni–Maryland/Dreyfus	—*	8.8	6.9	191	83	4.50	*0.21p*
		Premier State Muni–Michigan/Dreyfus	—*	8.4	7.0	119	69	4.50	*0.20p*
		Premier State Muni–Ohio/Dreyfus	—*	8.9	7.1	191	77	4.50	*0.21p*
		Premier State Muni–Penn/Dreyfus	—*	8.8	7.3	121	89	4.50	*0.22p*
		T Rowe Price Maryland T-F Bond/Price	—*	7.8	6.2	365	57	none	0.63
C	A	T Rowe Price Tax-Free High Yield/Price	8.7	8.7	7.1	547	16	none	0.83
C	D	T Rowe Price Tax-Free Income Fund/Price	6.4	8.1	6.5	1,156	2	none	0.62
F	A	T Rowe Price T-F Short Intermed/Price	5.7	7.0	5.6	255	16	none	0.74
C	D	Prudential Calif Muni#/Prudential	6.4	7.4	6.4	170	-5	4.50	*0.86*
		Prudential Muni Bond–High Yield#/Prudential	—*	7.0	7.5	738	11	4.50	*0.77*
		Prudential Muni Bond–Insured#/Prudential	—*	8.4	6.3	587	10	4.50	*0.79*
		Prudential Muni–New Jersey#/Prudential	—*	9.3	6.5	235	32	4.50	*0.78*
B	D	Prudential Muni–New York#/Prudential	6.2	7.9	6.6	288	-12	4.50	*0.77*
		Prudential Muni–Penn#/Prudential	—*	7.0	6.3	167	10	4.50	*0.87*
B	D	Prudential Natl Municipals#/Prudential	6.9	8.4	6.3	857	-10	4.50	*0.75*
C	B	Putnam Calif Tax-Exempt Income/Putnam	8.4	8.3	6.8	2,108	18	4.75	0.64
		Putnam High Yield Muni/closed-end	—*	6.1	9.1	180	-3	NA	0.90
		Putnam Investment Grade Muni/closed-end	—*	8.5	8.0	353	67	NA	1.21
		Putnam Managed Municipal Income/closed-end	—*	9.1	8.3	568	47	NA	1.29
B	C	Putnam New York Tax-Exempt Income/Putnam	8.0	7.3	7.0	1,507	9	4.75	0.56
		Putnam Ohio Tax-Exempt Income/Putnam	—*	6.9	6.1	101	-1	†	*1.71*
A	D	Putnam Tax-Exempt Income/Putnam	8.2	6.8	6.7	1,418	6	4.75	0.54
		Putnam Tax-Free High Income/Putnam	—*	8.1	8.2	263	31	4.75	0.95
D	A	Putnam Tax-Free Income–Hi Yld/Putnam	7.0	6.5	7.4	719	12	5.00b	*1.49*
C	C	Putnam Tax-Free Income–Insured/Putnam	7.3	7.0	5.7	353	16	5.00b	*1.80*
D	A+	Rochester Fund Municipals/Rochester	8.7	9.2	7.2	367	136	4.00	*0.70*

*Fund not in operation for full period. †Closed to new investors. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* #Fund has two classes of shares. Performance figures are for class with front-end load and no or low 12b-1 plan. Assets are for entire fund. b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]As of 7/1/91 two classes of shares available, one with front-end load, the other with exit fee and 12b-1. [2]Formerly PaineWebber Tax-Exempt Income Fund.

Distributor table, page 294. Rules, page 210.

MUNICIPAL BOND FUNDS

FUND SURVEY

Performance		Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
UP markets	DOWN markets		Annual average 6/86 to 6/91	Last 12 months		6/30/91 ($mil)	% change 91 vs 90		
		Shearson Lehman municipal bond index	7.2%	9.0%	7.3%				
		Forbes municipal bond fund composite	7.6%	8.2%	6.8%				$0.76
A	D	Safeco Municipal Bond Fund/Safeco	9.1%	8.9%	6.6%	$357	17%	none	$0.56
B	C	Scudder Calif Tax-Free Fund/Scudder	7.9	8.2	6.1	216	8	none	0.84
		Scudder High Yield Tax-Free/Scudder	—*	9.3	6.8	141	17	none	1.01p
A	D	Scudder Managed Muni Bonds/Scudder	8.7	9.1	6.4	736	6	none	0.61
F	A+	Scudder Medium Term Tax-Free[1]/Scudder	5.9	8.1	6.0	136	198	none	0.00p
B	C	Scudder NY Tax-Free/Scudder	7.6	7.9	6.2	143	6	none	0.91
		Seligman Select Municipal/closed-end	—*	10.8	7.4	221	2	NA	0.78p
A	D	Seligman Tax-Exempt–Mass/Seligman	7.9	8.9	6.5	113	-5	4.75%	0.85
A	D	Seligman Tax-Exempt–Michigan/Seligman	8.3	8.0	6.3	124	8	4.75	0.80
B	D	Seligman Tax-Exempt–Minnesota/Seligman	7.8	7.4	6.3	178	10	4.75	0.80
A+	F	Seligman Tax-Exempt–National/Seligman	8.2	7.8	6.4	135	-3	4.75	0.81
A	D	Seligman Tax-Exempt–Ohio/Seligman	8.5	8.4	6.5	149	8	4.75	0.77
C	B	Shearson Calif Municipals/Shearson	7.8	7.7	6.9	342	5	5.00	0.66
C	C	Shearson Income–Tax-Ex Income/Shearson	7.4	7.6	6.7	624	10	5.00b	*1.45*
B	C	Shearson Managed Municipals/Shearson	8.1	8.1	7.4	1,508	5	5.00	0.59
C	B	Shearson NY Municipals/Shearson	8.0	8.2	7.2	437	1	5.00	0.66
		Smith Barney Muni Bond–Calif/Smith Barney	—*	8.9	7.1	102	21	4.00	0.21p
		Smith Barney Muni Bond–Natl/Smith Barney	—*	9.3	7.1	212	23	4.00	0.39p
		Spartan California Muni High Yield/Fidelity	—*	9.0	6.8	316	109	none	0.19p
		Spartan Conn Muni High Yield/Fidelity	—*	7.6	6.4	294	28	none	0.55p
		Spartan Municipal Income/Fidelity	—*	9.5	7.3	442	NM	none§	0.12p
		Spartan New Jersey Muni High Yield[2]/Fidelity	—*	9.1	6.4	243	24	none	0.55p
		Spartan New York Muni High Yield/Fidelity	—*	8.3	7.0	183	106	none	0.35p
		Spartan Penn Muni High Yield/Fidelity	—*	9.5	7.1	163	33	none	0.60p
C	B	SteinRoe High Yield Municipals/Stein Roe	9.2	8.8	7.0	374	20	none	0.71
D	A	SteinRoe Intermediate Munis/Stein Roe	6.8	8.2	5.8	119	20	none	0.81p
B	C	SteinRoe Managed Municipals/Stein Roe	8.6	9.0	6.4	656	12	none	0.66
C	C	Tax-Ex Bond Fund of America/American Funds	7.6	8.2	6.4	674	24	4.75	*0.70*
		Tax-Ex Fund of California/American Funds	—*	7.5	5.8	106	27	4.75	*0.93*
		Tax-Free Fund of Colorado/Aquila	—*	7.9	6.4	109	46	4.00	0.27p
B	C	Tax-Free Trust of Arizona/Aquila	8.2	8.6	6.6	175	45	4.00	0.58p
C	B	Tax-Free Trust of Oregon/Aquila	7.7	8.1	6.4	175	27	4.00	0.71
		Transamerica Calif Tax-Free Inc/Transamerica	—*	9.3	7.2	132	232	4.75	*0.50p*
A+	D	United Municipal Bond Fund/Waddell	8.7	8.4	6.5	726	11	4.25	0.59
D	A	United Municipal High Income/Waddell	8.0	8.3	7.8	214	12	4.25	0.80
		USAA Tax-Exempt–Calif Bond/USAA	—*	8.7	6.6	223	69	none	0.50p
B	C	USAA Tax-Exempt–High Yield/USAA	8.1	8.3	7.1	1,429	13	none	0.40
D	A	USAA Tax-Exempt–Intermediate/USAA	7.3	8.5	6.8	628	26	none	0.43
F	A+	USAA Tax-Exempt–Short-Term/USAA	5.9	6.9	6.3	480	61	none	0.50
D	A	UST Master Tax-Exempt–Intermed/UST Secs	6.4	8.3	6.3	140	55	4.50	0.66

*Fund not in operation for full period. †Closed to new investors. §Distributor may impose redemption fee, which proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Formerly Scudder Tax-Free Target–1990. [2] Formerly Fidelity New Jersey Tax-Free–High Yield.

Distributor table, page 294. Rules, page 210.

Performance UP markets	DOWN markets	**Fund/distributor**	**Total return** Annual average 6/86 to 6/91	Last 12 months	**Yield**	**Assets** 6/30/91 ($mil)	% change 91 vs 90	**Maximum sales charge**	**Annual expenses per $100**
		Shearson Lehman municipal bond index	**7.2%**	**9.0%**	**7.3%**				
		Forbes municipal bond fund composite	**7.6%**	**8.2%**	**6.8%**				**$0.76**
D	B	**Value Line Tax-Exempt–Hi Yld/Value Line**	7.6%	8.0%	7.1%	$281	1%	none	$0.60
B	C	**Van Kampen Merritt Ins T-F/Van Kampen**	7.9	9.2	6.5	752	16	4.90%	*0.87*
		Van Kampen Merritt Muni Inc/closed-end	—*	11.6	7.4	427	2	NA	1.43
		Van Kampen Merritt T-F Hi Inc/Van Kampen	—*	4.6	8.1	620	-3	4.90	*1.08*
A+	F	**Vanguard California T-F–Ins L-T/Vanguard**	7.5	7.3	6.1	488	51	none	0.26
A+	D	**Vanguard Muni Bond–High Yield/Vanguard**	8.7	9.1	7.2	1,117	13	none	0.26
A	D	**Vanguard Muni Bond–Ins L-T/Vanguard**	8.6	8.4	6.7	1,437	28	none	0.26
C	B	**Vanguard Muni Bond–Intermed/Vanguard**	8.4	9.3	6.5	1,766	43	none	0.26
		Vanguard Muni Bond–Ltd Term/Vanguard	—*	8.0	6.0	364	60	none	0.26
A+	D	**Vanguard Muni Bond–Long-Term/Vanguard**	8.6	9.2	6.9	754	8	none	0.26
F	A+	**Vanguard Muni Bond–S-T/Vanguard**	6.0	6.8	5.7	796	10	none	0.26
		Vanguard NJ Tax-Free–Ins L-T/Vanguard	—*	9.0	6.2	343	81	none	0.25
A	D	**Vanguard NY Insured Tax-Free/Vanguard**	7.2	8.4	6.2	309	44	none	0.29
A	D	**Vanguard Penn Tax-Free–Ins L-T/Vanguard**	8.0	8.3	6.3	673	34	none	0.26
D	A	**Voyageur Minnesota Tax-Free/Voyageur**	7.9	8.6	6.7	218	19	4.75	*0.82*

*Fund not in operation for full period. †Closed to new investors. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 294. Rules, page 210.

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Taxable money funds

This list of money market funds is short because we think that the business of finding a good one is simple. The best deal is usually the fund with the lowest expense ratio. To make this list a fund has to have at least $500 million in assets and an expense ratio of 0.7% a year or less—that's 70 cents on every $100 invested.

Lowest expenses? Why not highest yield? Because there is so little difference between one fund and another in portfolio skills. No talent or experience will enable one buyer of $50 million in 30-day Treasury bills to get a better deal than another buyer.

Thus, if two funds have different results, it could be that one fund is taking more chances with your money than the other. Money fund managers take chances by either stretching out maturities or buying bank CDs and commercial paper rather than government-guaranteed paper. If that smidgen of risk doesn't trouble you, then go for yield. But stay away from high-expense money funds. An extra overhead charge is money down the drain. It buys you no enhancement in performance. A cheap fund costs 0.3%, an expensive one 1%. The extra 0.7% on the expensive fund comes to $70 a year per $10,000 invested. Why put it in someone else's pocket?

All that said, let's make three exceptions to the general rule that low expenses matter the most in picking one of these funds. First, convenience is important. If you have a cash management account at a broker, you probably want your money fund there. Second, the five bulleted funds can give you an additional fraction of a point in aftertax return by paying dividends that are exempt from state tax in most states. (States that refuse to exempt the dividends: Connecticut, Mississippi, North Dakota, Pennsylvania and Tennessee.) Third, the "p" after an expense ratio is a caution. It indicates that the sponsor is temporarily reducing its expense charge. When the come-on sale ends, you may have to move your money out to get a cheap fund.

Fund/distributor	Assets 6/30/91 ($mil)	Last 12 months return from income dividends	Annual expenses per $100
■ Benham Govt Agency/Benham	$1,165	7.2%	$0.00p
■ Capital Preservation Fund/Benham	3,375	6.6	0.53
Columbia Daily Income Co/Columbia	788	6.8	0.68
■ Dreyfus 100% US Treas MM[1]/Dreyfus	3,140	7.2	0.19p
Dreyfus Liquid Assets/Dreyfus	6,644	6.8	0.65
Dreyfus Worldwide Dollar MM/Dreyfus	9,646	7.4	0.17p
Fidelity Daily Income Trust/Fidelity	2,774	6.8	0.63
Kemper Money Market–Govt Secs/Kemper	1,139	6.9	0.42
Kemper Money Market–MM/Kemper	7,753	7.2	0.45
Merrill Lynch Government Fund/ML Boston	1,337	6.8	0.44
Merrill Lynch Institutional Fund/ML Boston	2,281	7.0	0.42
Merrill Lynch Retirement Res Money/ML Funds	6,400	7.0	0.65
National Liquid Reserves–Cash/Smith Barney	1,897	6.7	0.52
National Liquid Reserves–Retire/Smith Barney	949	6.7	0.59
New England Cash Mgmt–MM/TNE	1,154	6.9	0.68p
Pacific Horizon–Prime/Concord Finl	2,845	7.1	0.56
Pacific Horizon–Treasury/Concord Finl	1,946	6.7	0.55
PaineWebber Cashfund/PaineWebber	4,668	6.9	0.53
PaineWebber RMA–MM/PaineWebber	4,209	6.9	0.66
Parkstone Prime Obligations/Winsbury	702	6.9	0.64p
Portico–Money Market Fund/Sunstone	640	7.0	0.50p
Scudder Cash Investment Trust/Scudder	1,729	6.9	0.65
Spartan Money Market/Fidelity	6,670	7.2	0.28p
■ Spartan US Government MM/Fidelity	1,956	7.2	0.37p
■ Spartan US Treasury MM/Fidelity	2,630	7.1	0.15p
Standby Reserve Fund/Cowen	612	6.7	0.68
USAA Mutual–Money Market/USAA	1,008	7.0	0.55
UST Master Funds–Govt Money/UST Secs	704	6.9	0.50
Vanguard MM Reserves–Federal/Vanguard	2,041	7.0	0.30
Vanguard MM Reserves–Prime/Vanguard	14,060	7.2	0.30
Vanguard MM Reserves–US Treas/Vanguard	1,974	6.8	0.30
Vantage Money Market–Cash/Smith Barney	1,168	6.7	0.55

■ Dividend exempt from state tax in states that permit flow-through of US government interest. p: Net of absorption of expenses by fund sponsor. [1] Formerly Dreyfus US Guaranteed Money Market.

Distributor table, page 294. Rules, page 210.

Tax-free money funds

The basic rule of picking a taxable money fund applies to tax-free money funds, too. The rule, explained on the page opposite, is to look for a low expense ratio.

The logic, again, is that an institutional buyer in the market for short-term tax-exempt paper pretty much gets what it pays for, so differences in results between two funds with the same quality of paper in their portfolios boil down to differences in overhead costs. To qualify for this list a tax-free money market fund had to have at least $100 million in assets. We show the 32 with the lowest expense ratios.

Again, the "p" is a caution—a warning that the sponsor is temporarily cutting the fees it charges and could raise them at any time. A further caution on the four Fidelity Spartan funds here, all of which are temporarily absorbing expenses, is that they charge fees for transactions. Thus, the Spartan funds are suitable for investment but not for use as checking accounts.

A further question for investors who want just one money fund: Which gives a better aftertax return, a taxable fund or a tax-free one? The answer depends on your tax bracket. A good rule of thumb, however, is this: It scarcely matters. Consider a high-bracket New York City resident. In the Dreyfus 100% U.S. Treasury Money Market he would have taken in 7.2% over the past year, exempt from New York City and New York State taxes. After federal taxes at, say, 32%, the net return would be 4.9%. Alternatively, he might have used the Vanguard Muni Bond–Money Market. After local taxes, but giving effect to the federal tax benefit for a deduction for local taxes, the Vanguard fund's return would have been 4.8%.

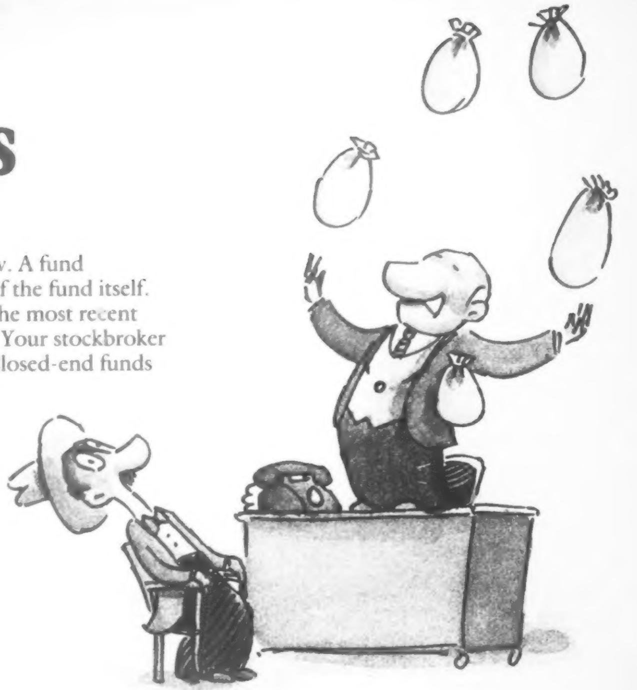
The yields on this and the facing page represent uncompounded total payouts over the past 12 months. Current yields are a bit lower. But then, you'd be making a mistake to focus too much on yields. Compare expense ratios.

Fund/distributor	Assets 6/30/91 ($mil)	Last 12 months return from income dividends	Annual expenses per $100
Calvert Tax-Free Reserves–Calif/Calvert	$257	5.3%	$0.31p
Carnegie Tax-Free Income Trust/Carnegie	250	4.8	0.65
Dreyfus New Jersey Muni MM/Dreyfus	861	5.0	0.16p
Dreyfus New York Tax-Exempt MM/Dreyfus	468	4.5	0.59
Evergreen Tax Exempt MM/Lieber	526	5.5	0.31p
Federated Tax-Free Trust/Federated	1,908	5.0	0.45
Fidelity Conn Municipal MM/Fidelity	414	5.0	0.23p
Fidelity Mich Municipal MM/Fidelity	179	5.1	0.22p
Fidelity Ohio Municipal MM/Fidelity	231	5.2	0.23p
Fidelity Tax-Exempt MM/Fidelity	2,880	5.0	0.44
Freedom Tax-Exempt Money/Freedom	256	4.7	0.59
General Calif Municipal MM/Dreyfus	546	5.3	0.07p
General Municipal MM/Dreyfus	339	5.0	0.62
General NY Municipal MM/Dreyfus	528	5.0	0.00p
Kemper Money Market–Tax-Ex/Kemper	795	5.1	0.38
Nuveen Tax-Exempt MM/Nuveen	2,169	5.2	0.39
Parkstone Tax-Free Fund/Winsbury	140	4.6	0.57p
Schwab Money Funds–Tax-Ex/Schwab	1,200	4.8	0.63p
Spartan California Muni MM/Fidelity	769	5.1	0.07p
Spartan New Jersey Muni MM/Fidelity	318	5.2	0.06p
Spartan New York Muni MM/Fidelity	454	5.0	0.25p
Spartan Pennsylvania Muni MM/Fidelity	304	5.3	0.35p
SteinRoe Tax-Exempt Money/Stein Roe	238	4.7	0.69
Tax-Free Instruments Trust/Federated	1,145	4.9	0.55p
Tax-Free Money Fund/Smith Barney	1,250	4.8	0.52
USAA Tax-Exempt–Calif MM/USAA	207	5.0	0.50p
USAA Tax-Exempt–Money Market/USAA	1,548	5.5	0.40
UST Master Tax-Ex-Short-Term/UST Secs	607	5.1	0.53
Vanguard California T-F–MM/Vanguard	753	4.9	0.25
Vanguard Muni Bond–MM/Vanguard	2,760	5.2	0.26
Vanguard NJ Tax-Free–MM/Vanguard	527	5.0	0.24
Vanguard Penn Tax-Free–MM/Vanguard	755	5.0	0.24

p: Net of absorption of expenses by fund sponsor.

Fund distributors

Firms that market mutual funds are listed below. A fund without a distributor is listed under the name of the fund itself. Contact the distributor to get the prospectus, the most recent shareholder report and additional information. Your stockbroker may have literature on funds with sales loads. Closed-end funds trade like stocks and do not have distributors.



Patrick McDonnell

Fund	Symbol
Balanced	BA
Foreign Stock	FS
Global Bond	GB
Global Stock	GS
Junk Bond	JU
Money Market	MM
Municipal Bond	MU
Stock	ST
Taxable Bond	BD

AAL Capital Management
222 West College Avenue
Appleton, WI 54919-0007
(800) 553-6319

Fund	Type
AAL Capital Growth Fund	ST
AAL Income Fund	BD
AAL Municipal Bond Fund	MU

ABT Financial Services
205 Royal Palm Way
Palm Beach, FL 33480
(800) 289-2281

Fund	Type
ABT Growth & Income Trust	ST
ABT Utility Income Fund	ST

Acorn Fund
2 North LaSalle Street
Suite 500
Chicago, IL 60602-3790
(800) 922-6769

Fund	Type
Acorn Fund	ST

Addison Capital Fund
1601 Market Street
Philadelphia, PA 19103
(800) 526-6397

Fund	Type
Addison Capital Fund	ST

Advest Group
280 Trumbull Street
Hartford, CT 06103
(800) 842-3807 (local); (800) 243-8115

Fund	Type
Advantage Government Securities	BD
Advantage Growth Fund	ST
Advantage Income Fund	BA

Aegon Management
4333 Edgewood Road NE
Cedar Rapids, IA 52499
(800) 288-2346

Fund	Type
Aegon USA Growth	ST

AFA Distributors
50 Broad Street
New York, NY 10004
(800) 229-8108

Fund	Type
AFA–Natl Aviation & Technology	ST
AFA–Natl Telecommun & Technology	ST

AIM Distributors
11 Greenway Plaza
Suite 1919
Houston, TX 77046
(800) 347-1919

Fund	Type
Aim Equity–Charter Fund	ST
Aim Equity–Constellation Fund	ST
Aim Equity–Weingarten Fund	ST
Aim Limited Maturity Treasury Shs	BD
Aim Summit Fund	ST

Fred Alger & Co
75 Maiden Lane
New York, NY 10038
(800) 992-3863

Fund	Type
Alger Fund–Small Capitalization	ST

Alliance Fund Services
500 Plaza Drive
Secaucus, NJ 07094
(800) 221-5672

Fund	Type
Alliance Balanced Shares	BA
Alliance Bond–High Yield	JU
Alliance Bond–US Government	BD
Alliance Counterpoint Fund	ST
Alliance Fund	ST

Fund	Type
Alliance Global–Small Cap Fund	ST
Alliance Growth & Income	ST
Alliance International Fund	FS
Alliance Mortgage Securities Income	BD
Alliance Muni Income–California	MU
Alliance Muni Income–Ins Natl	MU
Alliance Muni Income–National	MU
Alliance Muni Income–New York	MU
Alliance New Europe Fund	FS
Alliance Quasar Fund	ST
Alliance Short-Term Multi-Market	GB
Alliance Technology Fund	ST
AMA Investment Advisers PO Box 1111 Blue Bell, PA 19422 (800) 523-0864	
AMA Family of Funds–Classic Growth	ST
AMA Family of Funds–Global Growth	GS
American Capital Marketing 2800 Post Oak Boulevard Houston, TX 77056 (800) 421-5666	
American Capital Comstock Fund	ST
American Capital Corp Bond Fund	BD
American Capital Emerging Growth	ST
American Capital Enterprise Fund	ST
American Capital Equity Income	BA
American Capital Government Secs	BD
American Capital Growth & Income	ST
American Capital Harbor Fund	BA
American Capital High Yield Inv	JU
American Capital Muni Bond Fund	MU
American Capital Pace Fund	ST
American Capital Tax-Ex–High Yld	MU
American Funds Group 333 South Hope Street Los Angeles, CA 90071 (714) 671-7000* (local); (800) 421-0180	
Amcap Fund	ST
American Balanced Fund	BA
American High-Income Trust	JU
American Mutual Fund	ST
Bond Fund of America	BD
Capital Income Builder	ST
Capital World Bond Fund	GB
EuroPacific Growth Fund	FS
Fundamental Investors	ST
Growth Fund of America	ST
Income Fund of America	BA
Intermediate Bond Fund of America	BD
Investment Co of America	ST
New Economy Fund	ST
New Perspective Fund	GS
Smallcap World Fund	GS
Tax-Exempt Bond Fund of America	MU
Tax-Exempt Fund of California	MU
US Government Securities	BD
Washington Mutual Investors	ST

Fund	Type
American Growth Fund Sponsors 410 17th Street Suite 800 Denver, CO 80202 (303) 623-6137* (local); (800) 525-2406	
American Growth Fund	ST
American Investors PO Box 2500 Greenwich, CT 06836 (800) 243-5353	
American Investors Growth Fund	ST
American Pension Distributors PO Box 2529 Lynchburg, VA 24501 (800) 544-6060	
API Trust–Growth	ST
AMEV Investors 500 Bielenberg Drive Woodbury, MN 55125 (612) 738-4000* (local); (800) 800-2638	
AMEV Advantage–Asset Allocation	BA
AMEV Capital Fund	ST
AMEV Fiduciary Fund	ST
AMEV Growth Fund	ST
AMEV US Govt Securities Fund	BD
Amway Management Co 7575 East Fulton Road Ada, MI 49355 (800) 346-2670	
Amway Mutual Fund	ST
Analytic Optioned Equity Fund 2222 Martin Street Suite 230 Irvine, CA 92715 (714) 833-0294*	
Analytic Optioned Equity Fund	ST
Angeles Securities 10301 West Pico Boulevard Los Angeles, CA 90064 (213) 277-4900* (local); (800) 421-4374	
FPA Capital Fund	ST
FPA Paramount Fund	ST
FPA Perennial Fund	ST
Aquila Distributors 380 Madison Avenue Suite 2300 New York, NY 10017 (800) 228-4227	
Hawaiian Tax-Free Trust	MU
Tax-Free Fund of Colorado	MU
Tax-Free Trust of Arizona	MU
Tax-Free Trust of Oregon	MU

Fund	Type
Associated Planners Security 1925 Century Park East Suite 1900 Los Angeles, CA 90067 (213) 553-6740 (local); (800) 950-2748	
Associated Planners Stock Fund	ST
Bailard, Biehl & Kaiser 2755 Campus Drive Suite 300 San Mateo, CA 94403 (800) 882-8383	
Bailard Biehl & Kaiser Diversa Fund	GS
Robert W Baird & Co 777 East Wisconsin Avenue Milwaukee, WI 53202 (800) 792-2473	
Baird Blue Chip Fund	ST
Baron Asset Fund 450 Park Avenue Suite 2802 New York, NY 10022 (800) 992-2766	
Baron Asset Fund	ST
Bartlett Capital Trust 36 East Fourth Street Cincinnati, OH 45202 (513) 621-4612 (local); (800) 800-4612	
Bartlett Capital Trust–Basic Value	ST
Bartlett Capital Trust–Fixed Income	BD
Baxter Financial 1200 North Federal Highway Suite 424 Boca Raton, FL 33432 (800) 749-9933	
Philadelphia Fund	ST
Benham Capital Management 1665 Charleston Road Mountain View, CA 94043 (800) 472-3389	
Benham Calif Tax-Free–Intermediate	MU
Benham Calif Tax-Free–Long-Term	MU
Benham GNMA Income	BD
Benham Gold Equities Index	GS
Benham Government Agency Fund	MM
Benham Target Maturities–2005	BD
Benham Target Maturities–2015	BD
Benham Treasury Note Fund	BD
Capital Preservation Fund	MM
Berger Associates 899 Logan Street Suite 211 Denver, CO 80203 (800) 333-1001	
Berger One Hundred Fund	ST

*Will accept collect calls.

Sanford C Bernstein & Co
767 Fifth Avenue
New York, NY 10153
(212) 75[illegible]-4097*

Fund	Type
Bernstein Diversified Muni	MU
Bernstein Govt Short Duration	BD
Bernstein Intermediate Duration	BD
Bernstein New York Muni	MU
Bernstein Short Duration Plus	BD

William Blair
PO Box 8500
Boston, MA 02266-8500
(800) 635-2886

Fund	Type
Wm Blair–Growth	ST

Boston Co Funds Distributor
One Boston Place
Boston, MA 02108
(800) 225-5267

Fund	Type
Boston Co Capital Appreciation Fund	ST
Boston Co Inv–International	FS
Boston Co Special Growth Fund	ST

Brandywine Fund
PO Box 4166
Greenville, DE 19807
(302) 656-6200 (local) ; (800) 338-1579

Fund	Type
Brandywine Fund	ST

Clayton Brown & Associates
500 West Madison
Suite 3000
Chicago, IL 60661-2511
(800) 621-4770

Fund	Type
First Trust Fund–US Government	BD

Alex Brown & Sons
135 East Baltimore Street
Baltimore, MD 21202
(800) 767-3524

Fund	Type
Flag Investors Emerging Growth	ST
Flag Investors International Trust	FS
Flag Investors Quality Growth Fund	ST
Flag Investors Telephone Income	ST
Flag Investors Total Return US Treas	BD

Bull & Bear Group
11 Hanover Square
New York, NY 10005
(800) 847-4200

Fund	Type
Bull & Bear Capital Growth Fund	ST
Bull & Bear Gold Investors Fund	BA

Burnham Securities
1345 Avenue of the Americas
32nd Floor
New York, NY 10105
(800) 874-3863

Fund	Type
Burnham Fund	ST
Fenimore International Fund–Equity	FS

California Investment Trust
44 Montgomery Street
Suite 2200
San Francisco, CA 94104
(800) 225-8778

Fund	Type
California Tax-Free Income Fund	MU

Calvert Group
1700 Pennsylvania Avenue NW
Washington, DC 20006
(800) 368-2748

Fund	Type
Calvert-Ariel Appreciation Fund	ST
Calvert-Ariel Growth Fund	ST
Calvert Social Inv–Equity	ST
Calvert Social Inv–Managed Growth	BA
Calvert Tax-Free Reserves–California	MM
Calvert Tax-Free Reserves–Limited	MU

Capstone Asset Planning Co
PO Box 3167
Houston, TX 77253-3167
(713) 750-8000 (local) ; (800) 262-6631

Fund	Type
US Trend Fund	ST

Cardinal Group of Funds
155 East Broad Street
Mezzanine Level
Columbus, OH 43215
(614) 464-6852 (local) ; (800) 848-7734

Fund	Type
Cardinal Fund	ST
Cardinal Government Obligations	BD

Carnegie Fund Distributors
1228 Euclid Avenue
Cleveland, OH 44115
(800) 321-2322

Fund	Type
Carnegie-Cappiello–Growth	ST
Carnegie-Cappiello–Total Return	ST
Carnegie Tax-Free Income Trust	MM

Century Shares Trust
One Liberty Square
Boston, MA 02109
(617) 482-3060* (local) ; (800) 321-1928

Fund	Type
Century Shares Trust	ST

Cigna Securities
S-323
Hartford, CT 06152
(800) 572-4462

Fund	Type
Cigna Growth Fund	ST
Cigna High Yield Fund	JU
Cigna Income Fund	BD
Cigna Municipal Bond Fund	MU
Cigna Utilities Fund	ST
Cigna Value Fund	ST

Colonial Investment Services
One Financial Center
Boston, MA 02111
(800) 225-2365

Fund	Type
Colonial Advanced Strategies Gold	GS
Colonial California Tax-Exempt	MU
Colonial Fund	BA
Colonial Government Securities Plus	BD
Colonial Growth Shares Trust	ST
Colonial High Yield Securities Trust	JU
Colonial Income Trust	BD
Colonial Massachusetts Tax-Exempt	MU
Colonial Small Stock Index Trust	ST
Colonial Strategic Inc–Diversified	BA
Colonial Tax-Exempt Fund	MU
Colonial Tax-Exempt Insured Fund	MU
Colonial US Equity Index Trust	ST
Colonial US Government Trust	BD
Colonial VIP Equity–Diversified Ret	ST

Columbia Funds Management Co
PO Box 1350
Portland, OR 97207-1350
(800) 547-1707

Fund	Type
Columbia Daily Income Co	MM
Columbia Fixed Income Securities	BD
Columbia Growth Fund	ST
Columbia Municipal Bond Fund	MU
Columbia Special Fund	ST

Common Sense Distributors
3120 Breckinridge Boulevard
Building 400
Duluth, GA 30199-0001
(800) 544-5445

Fund	Type
Common Sense–Government	BD
Common Sense–Growth	ST
Common Sense–Growth & Income	ST

Concord Financial Group
156 West 56th Street
Suite 1902
New York, NY 10019
(800) 367-6078

Fund	Type
Pacific Horizon–Aggressive Growth	ST
Pacific Horizon–Calif Tax-Ex Bond	MU
Pacific Horizon–Prime	MM
Pacific Horizon–Treasury	MM

Copley Financial Services Corp
PO Box 3287
Fall River, MA 02722
(508) 674-8459*

Fund	Type
Copley Fund	ST

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*Will accept collect calls.

FUND DISTRIBUTORS

Counsellors Securities
466 Lexington Avenue
New York, NY 10017-3147
(212) 878-0600 (local) ; (800) 888-6878

Fund	Type
Counsellors Capital Appreciation	ST
Counsellors Emerging Growth Fund	ST
Counsellors International Equity	FS

Country Capital Management Co
PO Box 2222
Bloomington, IL 61701
(309) 557-3790

Fund	Type
Country Capital Growth Fund	ST

Cowen & Co
Financial Square
New York, NY 10005
(212) 495-6000 (local) ; (800) 221-5616

Fund	Type
Cowen Income + Growth Fund	ST

Dean Witter Reynolds
Two World Trade Center
InterCapital Division, 71st Floor
New York, NY 10048
(800) 869-3863

Fund	Type
Dean Witter American Value Fund	ST
Dean Witter Calif Tax-Free Income	MU
Dean Witter Capital Growth Secs	ST
Dean Witter Convertible Secs	BA
Dean Witter Developing Growth Secs	ST
Dean Witter Dividend Growth Secs	ST
Dean Witter European Growth Fund	FS
Dean Witter Government Secs Plus	BD
Dean Witter High Yield Secs	JU
Dean Witter Intermediate Income	BD
Dean Witter Managed Assets	BA
Dean Witter Natural Resource Devel	ST
Dean Witter NY Tax-Free Income	MU
Dean Witter Option Income Trust	ST
Dean Witter Strategist	BA
Dean Witter Tax-Exempt Securities	MU
Dean Witter US Govt Securities	BD
Dean Witter Utilities Fund	ST
Dean Witter Value-Added Mkt-Equity	ST
Dean Witter World Wide Income	GB
Dean Witter World Wide Investment	GS

Delaware Distributors
10 Penn Center Plaza
Philadelphia, PA 19103
(800) 523-4640

Fund	Type
Delaware Group Decatur Fund–I	ST
Delaware Group Decatur Fund–II	ST
Delaware Group Delaware Fund	BA
Delaware Group DelCap Fund–I	ST
Delaware Group Delchester H-Y–I	JU
Delaware Group Delchester H-Y–II	JU
Delaware Group Govt–Govt Inc II	BD
Delaware Group Tax-Free–USA	MU
Delaware Group Trend Fund	ST
DMC Tax-Free Income Trust–PA	MU

Diversified Securities
PO Box 357
Long Beach, CA 90801
(800) 732-1733

Fund	Type
Investors Research Fund	ST

Dodge & Cox
One Sansome Street
35th Floor
San Francisco, CA 94104
(415) 434-0311

Fund	Type
Dodge & Cox Balanced Fund	BA
Dodge & Cox Stock Fund	ST

Dreyfus Service Corp
144 Glenn Curtiss Boulevard
Uniondale, NY 11556-0144
(800) 645-6561

Fund	Type
Dreyfus 100% US Treasury MM	MM
Dreyfus A Bonds Plus	BD
Dreyfus California Tax-Exempt Bond	MU
Dreyfus Capital Value Fund	ST
Dreyfus Convertible Securities Fund	BA
Dreyfus Fund	ST
Dreyfus GNMA Fund	BD
Dreyfus Growth Opportunity Fund	ST
Dreyfus Insured Municipal Bond	MU
Dreyfus Intermediate Muni Bond	MU
Dreyfus Leverage Fund	ST
Dreyfus Liquid Assets	MM
Dreyfus Massachusetts Tax-Ex Bond	MU
Dreyfus New Jersey Municipal Bond	MU
Dreyfus New Jersey Municipal MM	MM
Dreyfus New Leaders Fund	ST
Dreyfus NY Insured Tax-Exempt Bond	MU
Dreyfus NY Tax-Exempt Bond Fund	MU
Dreyfus NY Tax-Exempt Intermed Bond	MU
Dreyfus Peoples Index Fund	ST
Dreyfus Strategic Aggressive Inv	ST
Dreyfus Strategic Investing	ST
Dreyfus Strategic World Investing	GS
Dreyfus Tax-Exempt Bond Fund	MU
Dreyfus Third Century Fund	ST
Dreyfus Worldwide Dollar MM	MM
General Aggressive Growth	ST
General California Municipal Bond	MU
General California Municipal MM	MM
General Municipal Bond	MU
General Municipal Money Market	MM
General NY Municipal Bond	MU
General NY Municipal MM	MM
Premier California Municipal Bond	MU
Premier Municipal Bond	MU
Premier State Municipal–Conn	MU
Premier State Municipal–Florida	MU
Premier State Municipal–Maryland	MU
Premier State Municipal–Michigan	MU
Premier State Municipal–Ohio	MU
Premier State Municipal–Penn	MU

Dupree Investment Advisors
PO Box 1149
Lexington, KY 40589
(800) 866-0614

Fund	Type
Dupree–Kentucky Tax-Free Income	MU

Eaton Vance Distributors
24 Federal Street
Boston, MA 02110
(800) 225-6265

Fund	Type
Eaton Vance California Municipals	MU
Eaton Vance Equity-Income Trust	ST
Eaton Vance Government Obligations	BD
Eaton Vance Growth Fund	ST
Eaton Vance High Income Trust	BA
Eaton Vance Income Fund of Boston	BA
Eaton Vance Investors Fund	BA
Eaton Vance National Municipals	MU
Eaton Vance Prime Rate Reserves	BD
Eaton Vance Special Equities Fund	ST
Eaton Vance Stock Fund	ST
Eaton Vance Total Return Trust	ST

Eclipse Financial Services
PO Box 2196
Peachtree City, GA 30269
(404) 631-0414* (local) ; (800) 872-2710

Fund	Type
Eclipse Financial Asset–Equity	ST

Enterprise Fund Distributors
1200 Ashwood Parkway
Suite 290
Atlanta, GA 30338
(800) 432-4320

Fund	Type
Enterprise Group–Growth	ST
Enterprise Group–Growth & Income	ST

EQSF Advisers
767 Third Avenue
5th Floor
New York, NY 10017
(212) 888-6685 (local) ; (800) 834-3400

Fund	Type
Equity Strategies Fund	ST

Equitable Funds
1755 Broadway
Location 3D
New York, NY 10019
(800) 852-6860

Fund	Type
Equitable Funds–Growth	ST

Equity Services
National Life Drive
Montpelier, VT 05604
(802) 229-3900* (local) ; (800) 233-4332

Fund	Type
Sentinel Balanced Fund	BA
Sentinel Common Stock Fund	ST
Sentinel Growth Fund	ST

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*Will accept collect calls.

FUND DISTRIBUTORS

FUND SURVEY

Fund	Type
Fairfield Group 200 Gibraltar Road Horsham, PA 19044 (215) 443-7850 (local) ; (800) 441-3885	
St Clair Equity–Capital Growth Fund	ST
FBL Investment Advisory Services 5400 University Avenue West Des Moines, IA 50265 (800) 247-4170	
FBL–Growth Common Stock	ST
Federated Securities Corp Federated Investors Tower 17th Floor Pittsburgh, PA 15222-3779 (800) 245-5000	
American Leaders Fund	ST
Federated GNMA Trust	BD
Federated Growth Trust	ST
Federated High Yield Trust	JU
Federated Income Trust	BD
Federated Intermediate Government	BD
Federated Intermediate Municipal	MU
Federated Short-Intermediate Govt	BD
Federated Stock & Bond Fund	BA
Federated Stock Trust	ST
Federated Tax-Free Income Fund	MU
Federated Tax-Free Trust	MM
Fortress Municipal Income Fund	MU
Fortress Utility Fund	ST
Fund for US Govt Securities	BD
Government Income Securities	BD
International Equity Fund	FS
Liberty High Income Bond Fund	JU
Liberty Utility Fund	ST
Salem Funds–Fixed Income	BD
Salem Funds–Growth	ST
Tower–Capital Appreciation	ST
Fidelity Distributors Corp Devonshire Street Boston, MA 02109 (800) 544-8888	
Fidelity Asset Manager	BA
Fidelity Balanced Fund	BA
Fidelity Blue Chip Growth Fund	ST
Fidelity Calif Tax-Free Insured	MU
Fidelity Calif Tax-Free High Yield	MU
Fidelity Capital & Income Fund	JU
Fidelity Capital Appreciation	ST
Fidelity Connecticut Muni MM	MM
Fidelity Contrafund	ST
Fidelity Convertible Securities Fund	BA
Fidelity Daily Income Trust	MM
Fidelity Destiny Portfolio II	ST
Fidelity Disciplined Equity	ST
Fidelity Equity-Income Fund	ST
Fidelity Europe Fund	FS
Fidelity Flexible Bond Port	BD
Fidelity Fund	ST
Fidelity Ginnie Mae	BD
Fidelity Global Bond Fund	GB
Fidelity Government Securities Fund	BD
Fidelity Growth & Income	ST
Fidelity Growth Company	ST
Fidelity Intermediate Bond Fund	BD
Fidelity Intl Growth & Income	FS
Fidelity Low-Priced Stock Fund	ST
Fidelity Magellan Fund	ST
Fidelity Mass Tax-Free High Yield	MU
Fidelity Michigan Municipal MM	MM
Fidelity Michigan Tax-Free High Yield	MU
Fidelity Minnesota Tax-Free	MU
Fidelity Mortgage Securities	BD
Fidelity NY Tax-Free High Yield	MU
Fidelity NY Tax-Free Insured	MU
Fidelity Ohio Municipal MM	MM
Fidelity Ohio Tax-Free High Yield	MU
Fidelity OTC Portfolio	ST
Fidelity Overseas Fund	FS
Fidelity Pacific Basin Fund	FS
Fidelity Puritan Fund	BA
Fidelity Real Estate Investment	ST
Fidelity Retirement Growth	ST
Fidelity Select–American Gold	GS
Fidelity Select–Biotechnology	ST
Fidelity Select–Chemicals	ST
Fidelity Select–Energy	ST
Fidelity Select–Energy Service	ST
Fidelity Select–Environment Service	ST
Fidelity Select–Financial Services	ST
Fidelity Select–Food & Agriculture	ST
Fidelity Select–Health Care	ST
Fidelity Select–Leisure	ST
Fidelity Select–Medical Delivery	ST
Fidelity Select–Paper & Forest Prods	ST
Fidelity Select–Prec Metals & Mins	FS
Fidelity Select–Regional Banks	ST
Fidelity Select–Retailing	ST
Fidelity Select–Technology	ST
Fidelity Select–Telecommunications	ST
Fidelity Select–Utilities	ST
Fidelity Short-Term Bond Port	BD
Fidelity Special Situations–Plymouth	ST
Fidelity Tax-Exempt Money Market	MM
Fidelity Tax-Free–Aggressive	MU
Fidelity Tax-Free–High Yield	MU
Fidelity Tax-Free–Insured	MU
Fidelity Tax-Free–Ltd Term Munis	MU
Fidelity Tax-Free–Municipal Bond	MU
Fidelity Trend Fund	ST
Fidelity Utilities Income	ST
Fidelity Worldwide Fund	GS
Plymouth Growth Opportunities	ST
Plymouth Income & Growth	BA
Spartan California Muni High Yield	MU
Spartan California Muni MM	MM
Spartan Connecticut Muni High Yield	MU
Spartan Government Income Fund	BD
Spartan Limited Maturity Govt	BD
Spartan Market Index Fund	ST
Spartan Money Market Fund	MM
Spartan Municipal Income	MU
Spartan New Jersey Muni High Yield	MU
Spartan New Jersey Muni MM	MM
Spartan New York Muni High Yield	MU
Spartan New York Muni MM	MM
Spartan Pennsylvania Muni High Yield	MU
Spartan Pennsylvania Muni MM	MM
Spartan US Government MM	MM
Spartan US Treasury MM Fund	MM
Fiduciary Management 225 East Mason Street Milwaukee, WI 53202 (414) 226-4556* (local) ; (800) 338-1579	
Fiduciary Capital Growth Fund	ST
First Eagle Fund of America 45 Broadway New York, NY 10006 (800) 451-3623	
First Eagle Fund of America	ST
First Investors Management Co 95 Wall Street New York, NY 10005 (908) 855-2500 (local) ; (800) 423-4026	
First Investors Blue Chip	ST
First Investors Fund for Income	JU
First Investors Global Fund	GS
First Investors Government Fund	BD
First Investors High Yield Fund	JU
First Investors Insured Tax-Exempt	MU
First Investors NY Insured T-F	MU
First Investors Total Return Fund	BA
Flagship Financial One First National Plaza Suite 910 Dayton, OH 45402 (800) 227-4648	
Flagship Tax-Ex–Conn Double	MU
Flagship Tax-Ex–Florida Double	MU
Flagship Tax-Ex–Kentucky Triple	MU
Flagship Tax-Ex–Michigan Triple	MU
Flagship Tax-Ex–NC Triple	MU
Flagship Tax-Ex–Ohio Double	MU

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Fund	Type
Flex Funds PO Box 7177 Dublin, OH 43017 (800) 325-3539	
Flex-funds–Growth Fund	ST
Flex-funds–Muirfield Fund	ST
Founders Asset Management 2930 East Third Avenue Denver, CO 80206 (800) 525-2440	
Founders Blue Chip	ST
Founders Frontier Fund	ST
Founders Growth Fund	ST
Founders Special Fund	ST
Franklin Distributors 777 Mariner's Island Boulevard 6th Floor San Mateo, CA 94404-1585 (800) 342-5236	
Franklin Adj US Govt Securities	BD
Franklin AGE High Income Fund	JU
Franklin Arizona Tax-Free Income	MU
Franklin Calif Insured Tax-Free Inc	MU
Franklin Calif Tax-Free Income	MU
Franklin DynaTech Fund	ST
Franklin Equity Fund	ST
Franklin Federal Tax-Free Income	MU
Franklin Florida Tax-Free Income	MU
Franklin Global Opportunity Income	GB
Franklin Gold Fund	FS
Franklin Growth Fund	ST
Franklin High Yield Tax-Free Income	MU
Franklin Income Fund	BA
Franklin Insured Tax-Free Income	MU
Franklin Mass Insured Tax-Free Inc	MU
Franklin Mich Insured Tax-Free Inc	MU
Franklin Minn Insured Tax-Free Inc	MU
Franklin New Jersey Tax-Free Inc	MU
Franklin New York Tax-Free Inc	MU
Franklin Ohio Insured Tax-Free Income	MU
Franklin Oregon Tax-Free Income	MU
Franklin Penn Tax-Free Income	MU
Franklin Premier Return Fund	ST
Franklin PR Tax-Free Income Fund	MU
Franklin Rising Dividends	ST
Franklin Tax-Exempt Money Fund	MM
Franklin US Government Securities	BD
Franklin Utilities Fund	ST
Franklin Virginia Tax-Free Income	MU

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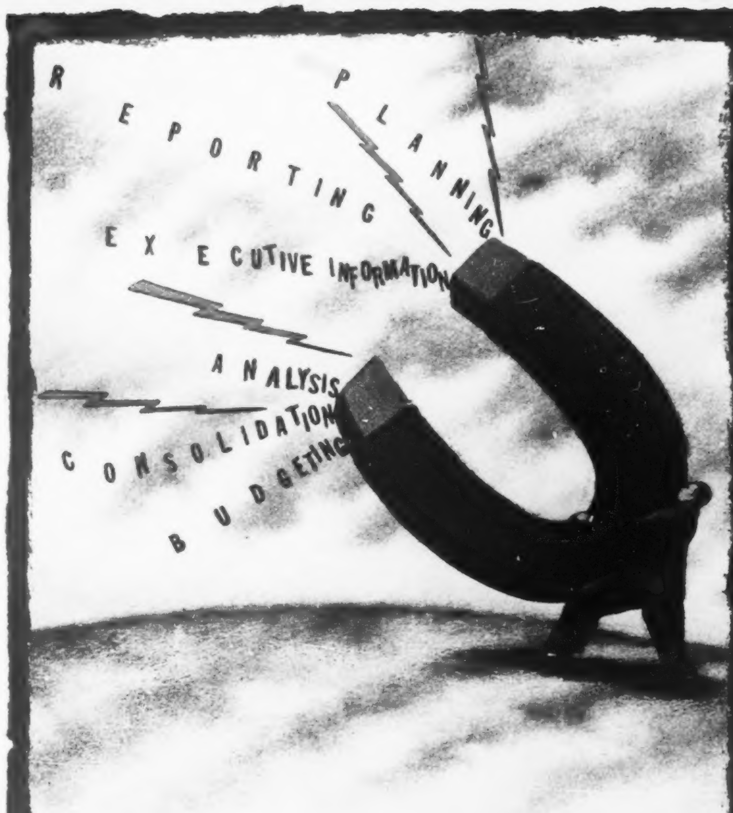

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Freedom Capital Management Corp
One Beacon Street
4th Floor
Boston, MA 02108
(800) 225-6258

Fund	Type
Freedom Inv–Gold & Government	ST
Freedom Inv–Government Income	BD
Freedom Inv–Managed Tax-Exempt	MU
Freedom Inv–Regional Bank	ST
Freedom Inv II–Global Fund	GS
Freedom Inv II–Global Income	GB
Freedom Inv III–Environmental	ST
Freedom Tax-Exempt Money	MM

Fund/Plan Services
PO Box 874
Conshohocken, PA 19428
(800) 225-8011

Fund	Type
Neuwirth Fund	ST
Pine Street Fund	ST
Winthrop Focus Funds–Growth	ST

Fundamental Services
111 Broadway
Suite 1107
New York, NY 10006
(800) 225-6864

Fund	Type
New York Muni Fund	MU

Furman Selz
230 Park Avenue
New York, NY 10169
(800) 845-8406

Fund	Type
Westwood Fund	ST

Gabelli & Co
PO Box 1634
Grand Central Station
New York, NY 10163
(800) 422-3554

Fund	Type
Gabelli Asset Fund	ST
Gabelli Convertible Securities Fund	BA
Gabelli Growth Fund	ST
Gabelli Value Fund	ST

GAM Funds
135 East 57th Street
29th Floor
New York, NY 10022
(617) 482-9300*

Fund	Type
GAM Global Fund	GS
GAM International Fund	FS
GAM Pacific Basin Fund	FS

Gateway Investment Advisers
400 Technecenter Drive
Suite 220
Milford, OH 45150
(800) 354-6339

Fund	Type
Gateway Index Plus Fund	ST

Gintel & Co
6 Greenwich Office Park
Greenwich, CT 06831
(203) 622-6400* (local) ; (800) 243-5808

Fund	Type
Gintel Capital Appreciation Fund	ST
Gintel Erisa Fund	ST

GIT Investment Services
1655 North Fort Myer Drive
Arlington, VA 22209
(800) 336-3063

Fund	Type
GIT Equity Trust–Special Growth	ST

GNA Investors Trust
Two Union Square
Suite 5600
Seattle, WA 98101-2336
(800) 426-5520

Fund	Type
GNA Investors–US Govt Secs	BD

Gradison & Co
580 Walnut Street
Cincinnati, OH 45202
(800) 869-5999

Fund	Type
Gradison Established Growth Fund	ST
Gradison Government Income Fund	BD
Gradison Opportunity Growth Fund	ST

Great Western Financial Advisors
888 South Figueroa Street
Suite 1100
Los Angeles, CA 90017
(800) 221-9876

Fund	Type
GW Sierra–California Municipal Inc	MU
GW Sierra–Growth & Income Fund	ST
GW Sierra–US Government Securities	BD

GT Global Financial Services
50 California Street
27th Floor
San Francisco, CA 94111-4624
(415) 392-6181* (local) ; (800) 548-9995

Fund	Type
GT Global Growth–America	ST
GT Global Growth–Europe	FS
GT Global Growth–International	FS
GT Global Growth–Japan	FS
GT Global Growth–Pacific	FS
GT Global Growth–Worldwide	GS
GT Global Healthcare Fund	GS
GT Investment–Global Bond	GB
GT Investment–Global Govt Income	BD

Guardian Investor Services Corp
201 Park Avenue South
New York, NY 10003
(800) 221-3253

Fund	Type
Guardian Park Ave Fund	ST

John Hancock Advisors
101 Huntington Avenue
6th Floor
Boston, MA 02199
(617) 375-1800 (local) ; (800) 225-5291

Fund	Type
John Hancock Bond Fund	BD
John Hancock Global Fund	GS
John Hancock Government Spectrum	BD
John Hancock Growth Fund	ST
John Hancock Tax-Exempt Income	MU
John Hancock US Govt Securities	BD

HCA Securities
One SeaGate
Toledo, OH 43666
(419) 247-2477 (local) ; (800) 422-1050

Fund	Type
Harbor Capital Appreciation	ST
Harbor Growth Fund	ST
Harbor International	FS
Harbor Value	ST

Heine Securities
51 John F Kennedy Parkway
Short Hills, NJ 07078
(201) 912-2100* (local) ; (800) 448-3863

Fund	Type
Mutual Series Fund–Beacon	ST
Mutual Series Fund–Mutual Shares	ST
Mutual Series Fund–Qualified	ST

Heritage Asset Management
880 Carillon Parkway
St Petersburg, FL 33716
(813) 573-8143 (local) ; (800) 421-4184

Fund	Type
Heritage Capital Appreciation	ST

Wayne Hummer & Co
175 West Jackson Boulevard
Chicago, IL 60604
(312) 431-1700* (local) ; (800) 621-4477

Fund	Type
Wayne Hummer Growth Fund	ST

Huntington Investments
251 South Lake Avenue
Suite 600
Pasadena, CA 91101
(818) 440-9688 (local) ; (800) 826-0188

Fund	Type
International Currency–Global	GB
International Currency–Hard Currency	GB
International Currency–High Income	GB

IAI Funds
PO Box 357
Minneapolis, MN 55440
(612) 371-2884 (local) ; (800) 927-3863

Fund	Type
IAI Bond Fund	BD
IAI International Fund	FS
IAI Regional Fund	ST
IAI Stock Fund	ST

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Fund	Type
Idex Management PO Box 5068 Clearwater, FL 34618 (813) 585-6565 (local) ; (800) 624-4339	
IDEX Fund	ST
IDEX II	ST
IDEX Fund 3	ST
IDS Financial Services IDS Tower 10 Minneapolis, MN 55440 (612) 372-3733 (local) ; (800) 328-8300	
IDS Blue Chip Advantage Fund	ST
IDS Bond Fund	BD
IDS California Tax-Exempt Fund	MU
IDS Discovery Fund	ST
IDS Equity Plus	ST
IDS Extra Income Fund	JU
IDS Federal Income Fund	BD
IDS Global Bond Fund	GB
IDS Global Growth Fund	GS
IDS Growth Fund	ST
IDS High Yield Tax-Exempt Fund	MU
IDS Insured Tax-Exempt Fund	MU
IDS International Fund	FS
IDS Managed Retirement Fund	ST
IDS Minnesota Tax-Exempt Fund	MU
IDS Mutual	BA
IDS New Dimensions Fund	ST
IDS Precious Metals Fund	FS
IDS Progressive Fund	ST
IDS Selective Fund	BD
IDS Stock Fund	ST
IDS Strategy-Aggressive Equity	ST
IDS Strategy-Equity	ST
IDS Strategy-Income	BD
IDS Strategy-Worldwide Growth	FS
IDS Tax-Exempt Bond Fund	MU
IDS Utilities Income	ST
Invesco Funds Group PO Box 2040 Denver, CO 80201 (303) 779-1233 (local) ; (800) 525-8085	
Financial Dynamics Fund	ST
Financial Industrial Fund	ST
Financial Industrial Income Fund	ST
Financial Series Trust-Equity Fund	ST
Financial Series Trust-Flex Fund	ST
Financial Series Trust-Intl Growth	FS
Financial Strategic-European	FS
Financial Strategic-Financial Services	ST
Financial Strategic-Gold	ST
Financial Strategic-Health Science	ST
Financial Strategic-Technology	ST
Financial Strategic-Utilities	ST
Financial Tax-Free Income Shares	MU

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Limited-Term Portfolio invests in high-quality municipal bonds and has an average weighted maturity of 2 to 5 years. Price fluctuations and principal risk should be moderate.

Intermediate-Term Portfolio invests in high-quality municipal bonds and has an average weighted maturity of 7 to 12 years. Price fluctuations and principal risk are moderate to high.

Long-Term Portfolio invests in high-quality municipal bonds and has an average weighted maturity of 15 to 25 years. Has a high potential for price fluctuations and risk to principal.

Insured Long-Term Portfolio invests in high-quality municipal bonds and has an average weighted maturity of 15 to 25 years. The bonds are covered by insurance, guaranteeing the timely payment of principal and interest, however, principal remains subject to price fluctuations.

High-Yield Portfolio invests primarily in medium-quality, investment-grade issues and has an average weighted maturity of 15 to 25 years. The Portfolio pursues the highest yields of the Fund and has a high potential for price fluctuations and risk to principal.

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The Vanguard Municipal Bond Fund has virtually the lowest operating costs in the industry: 0.25 of 1%**, with no commissions, no fees—a pure no-load fund. And all other things being equal, lower costs result in higher yields. Minimum initial investment $3,000. Free checkwriting for $250 or more.

* Income may be subject to state and local taxes. A portion of income may be subject to the Federal alternative minimum tax.
**Lipper Directors' Analytical Data

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THE Vanguard GROUP OF INVESTMENT COMPANIES

Fund	Type
ISI 717 Fifth Avenue New York, NY 10022 (800) 955-7175	
ISI Total Return US Treasury	BD
Ivy Fund 40 Industrial Park Road Hingham, MA 02043 (617) 749-1416 (local) ; (800) 235-3322	
Ivy Growth Fund	ST
Ivy International Fund	FS
Janus Capital 100 Fillmore Street Suite 300 Denver, CO 80206-4923 (800) 525-3713	
Janus Fund	ST
Janus Twenty Fund	ST
Janus Venture Fund	ST
Jefferson-Pilot Investor Services PO Box 22086 Greensboro, NC 27420 (919) 691-3448 (local) ; (800) 458-4498	
JP Growth Fund	ST
Jones & Babson 2440 Pershing Road Kansas City, MO 64108 (816) 471-5200 (local) ; (800) 422-2766	
Babson Bond–Portfolio L	BD
Babson Enterprise Fund	ST
Babson Growth Fund	ST
Babson Value Fund	ST
UMB Stock Fund	ST
Kaufmann Fund 17 Battery Place Suite 2624 New York, NY 10004 (212) 344-2661* (local) ; (800) 237-0132	
Kaufmann Fund	ST
Kemper Financial Services 120 South LaSalle Street Chicago, IL 60603 (312) 781-1121* (local) ; (800) 621-1048	
Kemper Blue Chip Fund	ST
Kemper California Tax-Free Income	MU
Kemper Diversified Income Fund	JU
Kemper Environmental Services Fund	ST
Kemper Growth Fund	ST
Kemper High Yield Fund	JU
Kemper Inc & Capital Preservation	BD
Kemper International Fund	FS
Kemper Invest–Diversified Income	BD
Kemper Invest–Equity	ST
Kemper Invest–Government	BD
Kemper Invest–High Yield	JU
Kemper Invest–Total Return	BA
Kemper Money Market–Govt Secs	MM
Kemper Money Market–MM	MM
Kemper Money Market–Tax-Exempt	MM
Kemper Municipal Bond Fund	MU
Kemper New York Tax-Free Fund	MU
Kemper Retirement Fund I	BD
Kemper Summit Fund	ST
Kemper Technology Fund	ST
Kemper Total Return Fund	BA
Kemper US Government Securities	BD
Kemper Securities Group 1331 Euclid Avenue Cleveland, OH 44115 (800) 553-5533	
Selected American Shares	ST
Selected Special Shares	ST
Keystone Distributors PO Box 2121 Boston, MA 02106-2121 (800) 343-2898	
Hartwell Emerging Growth	ST
Keystone America Omega	ST
Keystone America Tax-Free Income	MU
Keystone Custodian B-1	BD
Keystone Custodian B-2	BD
Keystone Custodian B-4	JU
Keystone Custodian K-1	BA
Keystone Custodian K-2	ST
Keystone Custodian S-1	ST
Keystone Custodian S-3	ST
Keystone Custodian S-4	ST
Keystone International Fund	FS
Keystone Precious Metals	FS
Keystone Tax-Exempt Trust	MU
Keystone Tax-Free Fund	MU
Kidder, Peabody & Co 20 Exchange Place New York, NY 10005 (212) 510-5351*	
Kidder, Peabody Equity Income	ST
Kleinwort Benson 200 Park Avenue 24th Floor New York, NY 10166 (212) 687-2515 (local) ; (800) 237-4218	
Kleinwort Benson Intl Equity	FS
Legg Mason Wood Walker 111 South Calvert Street 21st Floor Baltimore, MD 21202 (301) 539-3400* (local) ; (800) 368-2558	
Legg Mason Inc–US Govt Intermediate	BD
Legg Mason Special Investment Trust	ST
Legg Mason Total Return Trust	ST
Legg Mason Value Trust	ST
Lexington Management Corp PO Box 1515 Park 80 West Plaza II Saddle Brook, NJ 07662 (800) 526-0056	
Lexington Corp Leaders Trust Fund	ST
Lexington Global Fund	GS
Lexington GNMA Income Fund	BD
Lexington Goldfund	GS
Lexington Growth & Income Fund	ST
Lexington Worldwide Emerging Mkts	ST
Liberty Securities 600 Atlantic Avenue 23rd Floor Boston, MA 02210-2214 (800) 542-3863	
Liberty Advantage US Govt Secs	BD
Lieber & Co 2500 Westchester Avenue Purchase, NY 10577 (914) 694-2020 (local) ; (800) 235-0064	
Evergreen Fund	ST
Evergreen Limited Market Fund	ST
Evergreen Tax Exempt MM	MM
Evergreen Total Return Fund	ST
Evergreen Value Timing Fund	ST
Lincoln Investment Planning 218 Glenside Avenue Wyncote, PA 19095-1595 (215) 887-8111 (local) ; (800) 242-1421	
Rightime Blue Chip Fund	ST
Rightime Fund	ST
Rightime Growth Fund	ST
Lindner Management Corp PO Box 11208 St Louis, MO 63105 (314) 727-5305	
Lindner Dividend Fund	ST
Lindner Fund	ST
Lord Abbett & Co 767 Fifth Avenue 11th Floor New York, NY 10153-0203 (800) 821-5129 (local) ; (800) 223-4224	
Affiliated Fund	ST
Lord Abbett Bond-Debenture Fund	JU
Lord Abbett Calif Tax-Free Income	MU
Lord Abbett Developing Growth	ST
Lord Abbett Equity Fund-1990	BA
Lord Abbett Global Fund–Equity	GS
Lord Abbett Tax-Free Income–Natl	MU
Lord Abbett Tax-Free Income–New York	MU
Lord Abbett US Government Secs	BD
Lord Abbett Value Appreciation	ST

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FUND DISTRIBUTORS

Fund	Type
Lutheran Brotherhood Securities 625 Fourth Avenue South Minneapolis, MN 55415 (800) 328-4552	
Lutheran Brotherhood Fund	ST
Lutheran Brotherhood High Yield	JU
Lutheran Brotherhood Income Fund	BD
Lutheran Brotherhood Muni Bond	MU
Mackenzie Investment Management PO Box 5007 Boca Raton, FL 33431-0807 (800) 456-5111	
Mackenzie American Fund	ST
Mackenzie No Amer Total Return	BA
Mairs & Power 332 Minnesota Street West-2062 First National Bank Building St Paul, MN 55101 (612) 222-8478	
Mairs & Power Growth Fund	ST
Horace Mann Growth Fund One Horace Mann Plaza Springfield, IL 62715 (800) 999-1030	
Horace Mann Growth Fund	ST
Massachusetts Financial Services PO Box 2281 Boston, MA 02107 (800) 225-2606	
Mass Capital Development Fund	ST
Mass Financial Bond Fund	BD
Mass Financial Development Fund	ST
Mass Financial Emerging Growth	ST
Mass Financial High Income–Series I	JU
Mass Financial Special Fund	ST
Mass Financial Total Return Trust	BA
Mass Investors Growth Stock Fund	ST
Mass Investors Trust	ST
MFS Government Income Plus	BD
MFS Government Premium Account	BD
MFS Government Securities	BD
MFS Lifetime Capital Growth Trust	ST
MFS Lifetime Emerging Growth	ST
MFS Lifetime Global Equity Trust	GS
MFS Lifetime Government Income +	BD
MFS Lifetime High Income Trust	JU
MFS Lifetime Intermediate Income	BD
MFS Lifetime Managed Muni Bond	MU
MFS Lifetime Managed Sectors Trust	ST
MFS Lifetime Total Return Trust	ST
MFS Managed High Yield Muni Bond	MU
MFS Managed M-S Tax-Ex–Md	MU
MFS Managed M-S Tax-Ex–Mass	MU
MFS Managed M-S Tax-Ex–NC	MU
MFS Managed M-S Tax-Ex–Va	MU
MFS Managed Municipal Bond	MU
MFS Managed Sectors Trust	ST
MFS Worldwide Governments	GB
Mathers Fund 100 Corporate North Suite 201 Bannockburn, IL 60015 (800) 962-3863	
Mathers Fund	ST
Merrill Lynch Funds Boston One Financial Center 15th Floor Boston, MA 02111 (800) 225-1576	
Merrill Lynch Government Fund	MM
Merrill Lynch Institutional Fund	MM
Merrill Lynch Funds Distributor PO Box 9011 Princeton, NJ 08543-9011 (800) 637-3863	
Merrill Lynch Balanced Inv & Retire	BA
Merrill Lynch Basic Value Fund	ST
Merrill Lynch Calif Muni Bond	MU
Merrill Lynch Capital Fund	ST
Merrill Lynch Corp–High Income	JU
Merrill Lynch Corp–High Quality	BD
Merrill Lynch Devel Capital Mkts	ST
Merrill Lynch EuroFund	FS
Merrill Lynch Federal Securities	BD
Merrill Lynch Fund for Tomorrow	ST
Merrill Lynch Global Allocation	GS
Merrill Lynch Global Bond Inv & Ret	GB
Merrill Lynch Growth Inv & Retire	ST
Merrill Lynch Intl Holdings	GS
Merrill Lynch Muni–High Yield	MU
Merrill Lynch Muni–Insured	MU
Merrill Lynch Muni–Ltd Maturity	MU
Merrill Lynch Municipal Income	MU
Merrill Lynch Natural Resources	ST
Merrill Lynch NY Muni Bond	MU
Merrill Lynch Pacific Fund	FS
Merrill Lynch Phoenix Fund	BA
Merrill Lynch Retire/Income Fund	BD
Merrill Lynch Retirement Res Money	MM
Merrill Lynch Special Value	ST
Merrill Lynch Strategic Dividend	ST
Sci/Tech Holdings	ST
Merriman Investment Trust 1200 Westlake Avenue North Suite 700 Seattle, WA 98109 (800) 423-4893	
Merriman Timed Asset Allocation	BA
Merriman Timed Capital Apprec	ST
Mesirow Investment Services 350 North Clark Street Chicago, IL 60610 (800) 458-5222	
Skyline Fund–Special Equities	ST
MetLife–State Street Investment One Financial Center 30th Floor Boston, MA 02111 (800) 882-0052	
MetLife-State Street Capital Apprec	ST
MetLife-State Street Equity Income	ST
MetLife-State Street Equity Inv	ST
MetLife-State Street Global Energy	GS
MetLife-State Street Government Inc	BD
MetLife-State Street High Income	JU
MetLife-State Street Managed Assets	BA
State Street Investment Trust	ST
Murphey Favre West 601 Riverside Avenue Spokane, WA 99201 (800) 543-8072	
Composite Bond & Stock Fund	BA
Composite Growth Fund	ST
Composite Northwest 50 Fund	ST
Composite Tax-Exempt Bond Fund	MU
Composite US Govt Securities	BD
Mutual Benefit Financial Service Co 290 Westminster Street Providence, RI 02903 (800) 323-4726	
Mutual Benefit Fund	ST
Mutual of Omaha Fund Management 10235 Regency Circle Omaha, NE 68114 (800) 228-9596	
Mutual of Omaha Growth Fund	ST
Mutual of Omaha Income Fund	BA
Mutual of Omaha Tax-Free Income	MU
National Securities & Research Corp 2 Pickwick Plaza Greenwich, CT 06830 (800) 223-7757	
California Tax-Exempt Bonds	MU
National Bond Fund	JU
National Federal Securities Trust	BD
National Global Allocation Fund	GS
National Stock Fund*	ST
National Total Income Fund	BA
National Total Return Fund	BA
National World Wide Opportunities	GS

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Fund	Type
Nationar 330 Madison Avenue 8th Floor New York, NY 10017 (212) 551-1800	
MSB Fund	ST
Nationwide Financial Services One Nationwide Plaza Columbus, OH 43216 (800) 848-0920	
Nationwide Fund	ST
Nationwide Growth Fund	ST
Nationwide Tax-Free Fund	MU
Neuberger & Berman Management 342 Madison Avenue New York, NY 10173 (800) 877-9700	
N & B Genesis Fund	ST
N & B Guardian Fund	ST
N & B Limited Maturity Bond	BD
N & B Manhattan Fund	ST
N & B Partners Fund	ST
N & B Selected Sectors Plus Energy	ST
Newton Fund PO Box 1348 Milwaukee, WI 53201 (800) 242-7229	
Newton Growth Fund	ST
Nicholas Co 700 North Water Street Suite 1010 Milwaukee, WI 53202 (414) 272-6133*	
Nicholas Fund	ST
Nicholas II	ST
Nicholas Limited Edition	ST
Nomura Capital Management 180 Maiden Lane 29th Floor New York, NY 10038 (800) 833-0018	
Nomura Pacific Basin Fund	FS
Northeast Investors Trust 50 Congress Street 10th Floor, Room 1000 Boston, MA 02109 (800) 225-6704	
Northeast Investors Growth	ST
Northeast Investors Trust	BD

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FUND DISTRIBUTORS

FUND SURVEY

Fund	Type
John Nuveen & Co 333 West Wacker Drive Chicago, IL 60606 (800) 621-7227	
Nuveen Calif Tax-Free–Spec Bond	MU
Nuveen Insured Tax-Free Bond–Natl	MU
Nuveen Insured Tax-Free Bond–NY	MU
Nuveen Municipal Bond Fund	MU
Nuveen Tax-Exempt Money Market	MM
NYLife Securities 51 Madison Avenue New York, NY 10010 (800) 522-4202	
MainStay–Capital Appreciation	ST
MainStay–Government Plus	BD
MainStay–High Yield Corp Bond	JU
MainStay–Tax-Free Bond	MU
MainStay–Total Return Fund	BA
MainStay–Value Fund	ST
Olympic Trust 800 West Sixth Street Suite 540 Los Angeles, CA 90017 (800) 346-7301	
Olympic Trust–Equity Income	ST
Oppenheimer Fund Management PO Box 300 Denver, CO 80201 (800) 525-7048	
Oppenheimer Asset Allocation Fund	BA
Oppenheimer California Tax-Exempt	MU
Oppenheimer Discovery Fund	ST
Oppenheimer Equity Income Func	ST
Oppenheimer Fund	ST
Oppenheimer Global Bio-Tech Fund	GS
Oppenheimer Global Environment	GS
Oppenheimer Global Fund	GS
Oppenheimer Gold & Special Mins	FS
Oppenheimer High Yield Fund	JU
Oppenheimer New York Tax-Exempt	MU
Oppenheimer Premium Income Fund	ST
Oppenheimer Special Fund	ST
Oppenheimer Strategic Income Fund	BD
Oppenheimer Target Fund	ST
Oppenheimer Tax-Free Bond Fund	MU
Oppenheimer Time Fund	ST
Oppenheimer Total Return Fund	ST
Oppenheimer US Government Trust	BD
Oppenheimer Management PO Box 5061 Denver, CO 80217 (800) 525-7048	
Oppenheimer Value Stock	ST
Overland Express PO Box 63084 San Francisco, CA 94163 (800) 552-9612	
Overland Express Asset Allocation	BA
Overland Express Calif T-F Bond	MU
Pacific Financial Research 9601 Wilshire Boulevard Suite 828 Beverly Hills, CA 90210 (800) 776-5033	
Clipper Fund	ST
PaineWebber 1000 Harbor Boulevard Prospectus Department, 1st Floor Weehawken, NJ 07087 (201) 902-7341	
PaineWebber Asset Allocation	BA
PaineWebber Atlas Global Growth	GS
PaineWebber Blue Chip Growth Fund	ST
PaineWebber California Tax-Free Income	MU
PaineWebber Cashfund	MM
PaineWebber Dividend Growth Fund	ST
PaineWebber Europe Growth Fund	FS
PaineWebber Fixed Income–High Inc	JU
PaineWebber Fixed Income–Inv Grade	BD
PaineWebber Fixed Income–US Govt	BD
PaineWebber Global Energy Fund	GS
PaineWebber Global Growth & Income	GS
PaineWebber Global Income Fund	GB
PaineWebber Growth Fund	ST
PaineWebber Income Fund	BD
PaineWebber National Tax-Free Income	MU
PaineWebber Regional Finl Growth	ST
PaineWebber RMA–Money Market	MM
Parnassus Financial Management 244 California Street San Francisco, CA 94111 (800) 999-3505	
Parnassus Fund	ST
Pasadena Group of Mutual Funds 600 North Rosemead Boulevard Pasadena, CA 91107-2101 (800) 882-2855	
Pasadena Growth Fund	ST
Pax World Fund 224 State Street Portsmouth, NH 03801 (800) 767-1729	
Pax World Fund	GS
Penn Square Management 2650 Westview Drive Wyomissing, PA 19610 (800) 523-8440	
Penn Square Mutual Fund	ST
Pennsylvania Mutual Fund 1414 Avenue of the Americas New York, NY 10019 (800) 221-4268	
Pennsylvania Mutual Fund	ST
Permanent Portfolio PO Box 5847 Austin, TX 78763 (800) 531-5142	
Permanent Portfolios–Permanent	BA
Permanent Portfolios–Treasury Bill	BD
GR Phelps & Co 140 Garden Street MS 305 Hartford, CT 06154 (800) 243-2501	
Connecticut Mutual–Growth	ST
Connecticut Mutual–Total Return	BA
Phoenix Equity Planning Corp 100 Bright Meadow Boulevard Enfield, CT 06083-1989 (800) 243-4361	
Phoenix Balanced Fund	BA
Phoenix Convertible Fund	BA
Phoenix Growth Fund	ST
Phoenix Multi–Capital Appreciation	ST
Phoenix Stock Fund	ST
Phoenix Total Return	ST
Pilgrim Group 10100 Santa Monica Boulevard 21st Floor Los Angeles, CA 90067-4112 (800) 336-3436	
Pilgrim GNMA Fund	BD
Pilgrim MagnaCap Fund	ST
Pilgrim S-T Multi-Market Income	BD
Pioneer Group PO Box 9014 Boston, MA 02205-9014 (800) 225-6292	
Pioneer Fund	ST
Pioneer II	ST
Pioneer Three	ST
Piper Capital Management Piper Jaffray Tower 222 South Ninth Street Minneapolis, MN 55402 (800) 333-6000	
Piper Jaffray Emerging Growth Fund	ST
Piper Jaffray Value Fund	ST

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Fund	Type
T Rowe Price Associates 100 East Pratt Street Baltimore, MD 21202 (800) 638-5660	
T Rowe Price Capital Appreciation	ST
T Rowe Price Equity Income Fund	ST
T Rowe Price GNMA Fund	BD
T Rowe Price Growth & Income	ST
T Rowe Price Growth Stock Fund	ST
T Rowe Price High Yield Fund	JU
T Rowe Price Intl Bond	GB
T Rowe Price Intl Discovery	FS
T Rowe Price Intl European Stock	FS
T Rowe Price Intl Stock	FS
T Rowe Price Maryland T-F Bond	MU
T Rowe Price New America Growth	ST
T Rowe Price New Era Fund	ST
T Rowe Price New Horizons Fund	ST
T Rowe Price New Income Fund	BD
T Rowe Price Science & Technology	ST
T Rowe Price Short-Term Bond Fund	BD
T Rowe Price Small-Cap Value Fund	ST
T Rowe Price Spectrum Fund Growth	ST
T Rowe Price Tax-Free High Yield	MU
T Rowe Price Tax-Free Income Fund	MU
T Rowe Price Tax-Free Short-Inter	MU
Primary Trend Fund First Financial Centre-4th Floor 700 North Water Street Milwaukee, WI 53202 (800) 443-6544	
Primary Trend Fund	ST
Princor Financial Services Corp The Principal Financial Group Des Moines, IA 50392-0200 (800) 247-4123	
Princor Capital Accumulation Fund	ST
Princor Growth Fund	ST
ProvidentMutual Financial Services PO Box 15627 Christiana Executive Campus Wilmington, DE 19850 (800) 441-9490	
ProvidentMutual Growth Fund	ST
ProvidentMutual Investment Shares	ST
ProvidentMutual Total Return Trust	BA
Prudential Securities One Seaport Plaza New York, NY 10292 (212) 214-3332* (local); (800) 225-1852	
Nicholas-Applegate Growth Equity	ST
Prudential California Municipal	MU
Prudential Equity Fund	ST

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THE Vanguard GROUP OF INVESTMENT COMPANIES

Fund	Type
Prudential FlexiFund–Conservative	ST
Prudential FlexiFund–Strategy	ST
Prudential Global Fund	GS
Prudential Global Genesis	GS
Prudential Global Nat Resources	GS
Prudential GNMA Fund	BD
Prudential Government Plus	BD
Prudential Govt Secs–Intermed	BD
Prudential Growth Opportunity	ST
Prudential High Yield Fund	JU
Prudential IncomeVertible Plus	BA
Prudential Multi-Sector Fund	ST
Prudential Muni Bond–High Yield	MU
Prudential Muni Bond–Insured	MU
Prudential Muni–New Jersey	MU
Prudential Muni–New York	MU
Prudential Muni–Pennsylvania	MU
Prudential National Municipals	MU
Prudential Option Growth Fund	ST
Prudential Research Fund	ST
Prudential Strategic Income	BD
Prudential Structured Maturity	BD
Prudential US Government	BD
Prudential Utility Fund	ST

Putnam Financial Services
PO Box 2701
Boston, MA 02208
(800) 225-1581

Fund	Type
Putnam Calif Tax-Exempt Income	MU
Putnam Convertible Income-Growth	BA
Putnam Diversified Income Trust	BD
Putnam Energy-Resources Trust	ST
Putnam Federal Income Trust	BD
Putnam Fund for Growth & Income	ST
George Putnam Fund of Boston	BA
Putnam Global Governmental Income	GB
Putnam Global Growth Fund	GS
Putnam Health Sciences Trust	ST
Putnam High Income Government	BD
Putnam High Yield Trust	JU
Putnam High Yield Trust II	JU
Putnam Income Fund	BD
Putnam Information Sciences Trust	ST
Putnam Investors Fund	ST
Putnam New York Tax-Exempt Income	MU
Putnam Ohio Tax-Exempt Income	MU
Putnam Option Income Trust II	ST
Putnam OTC Emerging Growth Fund	ST
Putnam Strategic Income Trust	ST
Putnam Tax-Exempt Income Fund	MU
Putnam Tax-Free High Income	MU
Putnam Tax-Free Income–High Yield	MU
Putnam Tax-Free Income–Insured	MU
Putnam US Govt Income Trust	BD
Putnam Vista Fund	ST
Putnam Voyager Fund	ST

Quest Distributors
1414 Avenue of the Americas
New York, NY 10019
(800) 221-4268

Fund	Type
Royce Fund–Equity Income	ST
Royce Fund–Value	ST

Quest for Value
200 Liberty Street
World Financial Center, 37th Floor
New York, NY 10281
(800) 232-3863

Fund	Type
Quest for Value Fund	ST

James B Rea
10966 Chalon Road
Los Angeles, CA 90077
(800) 433-1998

Fund	Type
Rea-Graham Balanced Fund	BA

Reich & Tang LP
100 Park Avenue
28th Floor
New York, NY 10017
(800) 221-3079

Fund	Type
Reich & Tang Equity Fund	ST

Robertson, Stephens & Co
One Embarcadero Center
Suite 3100
San Francisco, CA 94111
(800) 766-3863

Fund	Type
Robertson Stephens Emerging Growth	ST

Rochester Fund Distributors
70 Linden Oaks
Rochester, NY 14625
(716) 383-1300*

Fund	Type
Rochester Fund Municipals	MU

Rodney Square Funds
1300 North Market Street
Suite 700
Wilmington, DE 19801
(800) 553-9308

Fund	Type
Rodney Square International Equity	FS
Rodney Square Multi-Mngr–Growth	ST

Ruane, Cunniff & Co
1370 Avenue of the Americas
New York, NY 10019
(212) 245-4500

Fund	Type
Sequoia Fund	ST

Rushmore Group
4922 Fairmont Avenue
Bethesda, MD 20814
(800) 343-3355

Fund	Type
American Gas Index Fund	ST
Rushmore–Nova	ST

Safeco Securities
PO Box 35890
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Fund	Type
Safeco Equity Fund	ST
Safeco Growth Fund	ST
Safeco Income Fund	ST
Safeco Municipal Bond Fund	MU

Salomon Brothers Asset Management
7 World Trade Center
38th Floor
New York, NY 10048
(800) 725-6666

Fund	Type
Salomon Brothers Capital Fund	ST
Salomon Brothers Investors Fund	ST
Salomon Brothers Opportunity Fund	ST

SBSF Funds
45 Rockefeller Plaza
33rd Floor
New York, NY 10111
(800) 422-7273

Fund	Type
SBSF–Growth Fund	ST

Charles Schwab
101 Montgomery Street
Schwab Building
San Francisco, CA 94104
(800) 526-8600

Fund	Type
Schwab Money Funds–Tax-Exempt	MM

Scudder Investor Services
160 Federal Street
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(800) 225-2470

Fund	Type
AARP Growth–Capital Growth	ST
AARP Growth–Growth & Income	ST
AARP Income–GNMA & US Treas	BD
AARP Income–High Quality Bond	BD
AARP Insured T-F Inc–Genl Bond	MU
AARP Insured T-F Inc–Short-Term	MU
Japan Fund	FS
Scudder California Tax-Free Fund	MU
Scudder Capital Growth Fund	ST
Scudder Cash Investment Trust	MM
Scudder Development Fund	ST
Scudder Global Fund	GS
Scudder GNMA Fund	BD
Scudder Gold Fund	GS
Scudder Growth & Income Fund	ST
Scudder High Yield Tax-Free Fund	MU
Scudder Income Fund	BD
Scudder International Bond Fund	GB
Scudder International Fund	FS
Scudder Managed Municipal Bonds	MU
Scudder Medium Term Tax-Free	MU
Scudder NY Tax-Free Fund	MU
Scudder Short Term Bond Fund	BD
Scudder Tax-Free Money Fund	MM

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Securities Management & Research Two Moody Plaza Galveston, TX 77550 (800) 231-4639	
American National Growth Fund	ST
American National Income Fund	ST
Security Distributors 700 Harrison Street Topeka, KS 66636 (800) 888-2461	
Security Action Fund	ST
Security Equity Fund	ST
Security Investment Fund	ST
Security Ultra Fund	ST
SEI Corp 680 East Swedesford Road Building 7 Wayne, PA 19087 (215) 254-1000	
Helmsman–Disciplined Equity	ST
Helmsman–Growth Equity	ST
Helmsman–Income Equity	ST
Helmsman–Income Fund	BD
Seligman Marketing 130 Liberty Street New York, NY 10006 (800) 221-2783	
Seligman Capital Fund	ST
Seligman Common Stock Fund	ST
Seligman Communications & Info	ST
Seligman Growth Fund	ST
Seligman Income Fund	BA
Seligman Tax-Exempt–Mass	MU
Seligman Tax-Exempt–Michigan	MU
Seligman Tax-Exempt–Minnesota	MU
Seligman Tax-Exempt–National	MU
Seligman Tax-Exempt–Ohio	MU
Sentry Equity Services 1800 North Point Drive C3/42 Stevens Point, WI 54481 (800) 533-7827	
Sentry Fund	ST

Fund	Type
Shearson Lehman Brothers 388 Greenwich Street New York, NY 10013 (212) 564-8068	
Shearson Aggressive Growth	ST
Shearson Appreciation Fund	ST
Shearson California Municipals	MU
Shearson Equity–Growth & Oppor	ST
Shearson Equity–International	FS
Shearson Equity–Sector Analysis	ST
Shearson Equity–Strategic Investors	ST
Shearson Fundamental Value Fund	ST
Shearson Global Opportunities	GS
Shearson High Yield Fund	JU
Shearson Income–Divers Strategic	BD
Shearson Income–Global Bond	GB
Shearson Income–High Income	JU
Shearson Income–Mortgage	BD
Shearson Income–Option Income	ST
Shearson Income–Tax-Exempt Income	MU
Shearson Income–Utilities	BA
Shearson Invest–Directions Value	ST
Shearson Invest–European	ST
Shearson Invest–Govt Securities	BD
Shearson Invest–Growth	ST
Shearson Invest–Invest Grade Bond	BD
Shearson Invest–Precious Metals	GS
Shearson Invest–Special Equities	ST
Shearson Managed Governments	BD
Shearson Managed Municipals	MU
Shearson Multiple Opportunities	ST
Shearson New York Municipals	MU
Shearson 1990s Fund	ST
Shearson Principal Return	BA
Shearson Short-Term World Income	GB
Shearson Small Capitalization	ST
Shearson Telecommunications–Growth	ST
Sheffield Investments 41 Madison Avenue New York, NY 10010 (800) 922-7771	
Blanchard Precious Metals Fund	GS
Blanchard Strategic Growth	GS
Signature Financial Group 6 Saint James Avenue 9th Floor Boston, MA 02116 (617) 423-0800*	
FundTrust–Growth & Income	BA
Sit Investment Associates 90 South Seventh Street Suite 4600 Minneapolis, MN 55402 (800) 332-5580	
Sit New Beginning Growth Fund	ST

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Fund	Type
Smith Barney, Harris Upham & Co 1345 Sixth Avenue New York, NY 10105 (800) 544-7835	
National Liquid Reserves–Cash	MM
National Liquid Reserves–Retirement	MM
Smith Barney Equity Fund	ST
Smith Barney–Income & Growth	ST
Smith Barney–US Government	BD
Smith Barney Muni Bond–California	MU
Smith Barney Muni Bond–National	MU
Tax-Free Money Fund	MM
Vantage Money Market–Cash	MM
SoGen Securities Corp 50 Rockefeller Plaza New York, NY 10020 (800) 334-2143	
SoGen International Fund	ST
Sound Shore Fund PO Box 1810 Greenwich, CT 06836 (203) 629-1980*	
Sound Shore Fund	ST
Southeastern Asset Management 860 Ridgelake Boulevard Suite 301 Memphis, TN 38120 (800) 445-9469	
SAM Small Cap Fund	ST
SAM Value Trust	ST
Sovereign Advisers 985 Old Eagle School Road Suite 515A Wayne, PA 19087 (215) 254-0703*	
Sovereign Investors	ST
State Bond Sales Corp 8400 Normandale Lake Boulevard Suite 1100 Minneapolis, MN 55437 (800) 328-4735	
State Bond Common Stock Fund	ST
State Bond Diversified Fund	ST
Stein Roe & Farnham PO Box 1131 Chicago, IL 60690 (800) 338-2550	
SteinRoe Capital Opportunities	ST
SteinRoe High Yield Municipals	MU
SteinRoe Intermediate Bond Fund	BD
SteinRoe Intermediate Municipals	MU
SteinRoe Managed Municipals	MU
SteinRoe Special Fund	ST
SteinRoe Stock Fund	ST
SteinRoe Tax-Exempt Money Fund	MM
SteinRoe Total Return Fund	BA

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Fund	Type
Stonebridge Capital 1801 Century Park East Suite 1800 Los Angeles, CA 90067 (213) 277-1450*	
National Industries Fund	ST
Strategic Distributors 2030 Royal Lane Dallas, TX 75229 (800) 527-5027	
Strategic Investments Fund	FS
Stratton Management 610 West Germantown Pike Suite 361 Plymouth Meeting, PA 19462 (800) 634-5726	
Stratton Monthly Dividend Shares	ST
Strong/Corneliuson Capital Management PO Box 2936 Milwaukee, WI 53201-2936 (800) 368-3863	
Strong Advantage Fund	BD
Strong Discovery Fund	ST
Strong Investment Fund	BA
Strong Municipal Money Market	MM
Strong Opportunity Fund	ST
Strong Total Return Fund	BA
SunAmerica Asset Management 10 Union Square East New York, NY 11003 (800) 858-8850	
Home Investors Government Income	BD
SunAmerica Balanced Assets Fund	BA
SunAmerica Capital Appreciation	ST
SunAmerica Multi-Asset-Total Return	BA
SunAmerica Equity-Aggressive Growth	ST
SunAmerica Equity-Growth	ST
SunAmerica Equity-US Government Secs	BD
Sunstone 207 East Buffalo Street Suite 315 Milwaukee, WI 53202 (414) 271-5885*	
Portico-Equity Index Fund	ST
Portico-Income & Growth Fund	ST
Portico-Money Market Fund	MM
Portico-Special Growth Fund	ST
TBC Funds Distributor 103 Bellevue Parkway Wilmington, DE 19809 (302) 792-6400 (local); (800) 441-7379	
HT Insight-Equity Fund	ST
Pierpont Capital Appreciation Fund	ST
Pierpont Equity Fund	ST
Pierpont Tax-Exempt Bond Fund	MU

Fund	Type
Templeton Funds Distributors PO Box 33030 St Petersburg, FL 33733-8030 (813) 823-8712 (local) ; (800) 237-0738	
Templeton Foreign Fund	FS
Templeton Global Opportunities	GS
Templeton Growth Fund	GS
Templeton Income Fund	GS
Templeton Real Estate Securities	GS
Templeton Smaller Companies Growth	GS
Templeton Value Fund	GS
Templeton World Fund	GS
Thomson McKinnon Investor Services One Station Place Stamford, CT 06902 (203) 352-4900 (local) ; (800) 628-1237	
Thomson Fund-Global	GS
Thomson Fund-Growth	ST
Thomson Fund-Income	BD
Thomson Fund-Opportunity	ST
Thomson Fund-US Government	BD
Thornburg Securities 119 East Marcy Street Suite 202 Santa Fe, NM 87501 (505) 984-0200 (local); (800) 847-0200	
Limited Term Municipal-National	MU
TNE Fund Group 399 Boylston Street Boston, MA 02116 (800) 343-7104	
CGM Capital Development Fund	ST
CGM Mutual Fund	BA
ITB-Growth Opportunities	ST
ITB-Premium Income	BD
New England Balanced Fund	ST
New England Cash Mgmt-MM	MM
New England Government Securities	BD
New England Growth Fund	ST
New England Retirement Equity	ST
New England Tax-Exempt Income	MU
Transamerica 1000 Louisiana Suite 6200 Houston, TX 77002-5098 (800) 343-6840	
Transamerica California Tax-Free Inc	MU
Transamerica Capital Appreciation	ST
Transamerica Govt Securities	BD
Transamerica Growth & Income	BA
Transamerica Special Emerging Grow	ST
Transamerica Special Govt Income	BD
Transamerica Sunbelt Growth Fund	ST

Fund	Type
Trusteed Funds One Winthrop Square Boston, MA 02110 (800) 462-1199 (local) ; (800) 343-2902	
Commonwealth Investment-Balanced	BA
Twentieth Century Investors PO Box 419200 Kansas City, MO 64141-6200 (816) 531-5575 (local); (800) 345-2021	
20th Century Balanced Investors	BA
20th Century Giftrust Investors	ST
20th Century Growth Investors	ST
20th Century Heritage Investors	ST
20th Century Select Investors	ST
20th Century Ultra Investors	ST
20th Century US Governments	BD
20th Century Vista Investors	ST
United Services Advisors PO Box 29467 San Antonio, TX 78229-0467 (512) 696-1234 (local); (800) 873-8637	
United Services-Global Resources	GS
United Services-Gold Shares	FS
United Services-World Gold Fund	GS
US Boston Investment Lincoln North Lincoln, MA 01773 (617) 259-1144 (local) ; (800) 872-7866	
US Boston Inv-Growth & Income	ST
USAA Investment Management Co USAA Building 9800 Fredericksburg Road San Antonio, TX 78288 (512) 498-4499 (local); (800) 531-8181	
USAA Investment-Balanced	BA
USAA Investment-Cornerstone Fund	GS
USAA Investment-Gold Fund	FS
USAA Investment-International	FS
USAA Mutual-Aggressive Growth	ST
USAA Mutual-Growth Fund	ST
USAA Mutual-Income Fund	BD
USAA Mutual-Income Stock Fund	ST
USAA Mutual-Money Market	MM
USAA Tax-Exempt-California Bond	MU
USAA Tax-Exempt-California MM	MM
USAA Tax-Exempt-High Yield	MU
USAA Tax-Exempt-Intermediate	MU
USAA Tax-Exempt-Money Market	MM
USAA Tax-Exempt-Short-Term	MU

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Fund	Type
USF&G Investment Services 100 Light Street Baltimore, MD 21202 (301) 625-5698 (local) ; (800) 323-8734	
Axe-Houghton Fund B	BA
Axe-Houghton Growth Fund	ST
European Emerging Companies Fund	FS
Over-the-Counter Securities Fund	ST
UST Securities c/o Concord Financial Group 7863 Girard Avenue, Suite 306 La Jolla, CA 92037 (800) 233-1136	
UST Master Funds–Equity	ST
UST Master Funds–Govt Money	MM
UST Master Funds–International	FS
UST Master Tax-Exempt–Intermediate	MU
UST Master Tax-Exempt–Short-Term	MM
Value Line Securities 711 Third Avenue New York, NY 10017 (800) 223-0818	
Value Line Convertible Fund	ST
Value Line Fund	ST
Value Line Income Fund	ST
Value Line Leveraged Growth Inv	ST
Value Line Special Situations Fund	ST
Value Line Tax-Exempt–High Yield	MU
Value Line US Government Secs	BD
Van Eck Securities Corp 122 East 42nd Street 42nd Floor New York, NY 10168 (212) 687-5200* (local) ; (800) 221-2220	
Van Eck Gold/Resources Fund	GS
Van Eck International Investors	FS
Van Eck World Income Fund	GB
Van Eck World Trends Fund	GS
Van Kampen Merritt 1001 Warrenville Road Lisle, IL 60532 (708) 719-6000 (local); (800) 225-2222	

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Fund	Type
Van Kampen Merritt Growth & Inc	ST
Van Kampen Merritt High Yield	JU
Van Kampen Merritt Insured T-F	MU
Van Kampen Merritt Prime Rate Inc	BD
Van Kampen Merritt T-F Hi Income	MU
Van Kampen Merritt US Government	BD

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Valley Forge, PA 19482
(215) 648-6000* (local); (800) 662-7447

Fund	Type
Vanguard Asset Allocation	BA
Vanguard Bond Market Fund	BD
Vanguard California T-F–Ins L-T	MU
Vanguard California T-F–MM	MM
Vanguard Convertible Securities	BA
Vanguard Equity Income Fund	ST
Vanguard Explorer Fund	ST
Vanguard Fixed Income–GNMA	BD
Vanguard Fixed Income–High Yield	JU
Vanguard Fixed Income–Invest Grade	BD
Vanguard Fixed Income–Short-Term	BD
Vanguard Fixed Income–S-T Govt Bond	BD
Vanguard Fixed Income–US Treasury	BD
Vanguard Index–500 Portfolio	ST
Vanguard Index–Extended Market	ST
Vanguard Intl Equity Index–Europe	FS
Vanguard Intl Equity Index–Pacific	FS
Vanguard MM Reserves–Federal	MM
Vanguard MM Reserves–Prime	MM
Vanguard MM Reserves–US Treas	MM
Vanguard/Morgan Growth Fund	ST
Vanguard Muni Bond–High Yield	MU
Vanguard Muni Bond–Insured L-T	MU
Vanguard Muni Bond–Intermediate	MU
Vanguard Muni Bond–Limited Term	MU
Vanguard Muni Bond–Long-Term	MU
Vanguard Muni Bond–Money Market	MM
Vanguard Muni Bond–Short-Term	MU
Vanguard NJ Tax-Free–Insured L-T	MU
Vanguard NJ Tax-Free–MM	MM
Vanguard New York Insured Tax-Free	MU
Vanguard Penn Tax-Free–Insured L-T	MU
Vanguard Penn Tax-Free–MM	MM
Vanguard Primecap Fund	ST
Vanguard Quantitative Portfolios	ST
Vanguard Small Cap Stock	ST
Vanguard Special–Energy	ST
Vanguard Special–Gold & Prec	FS
Vanguard Special–Health Care	ST
Vanguard STAR Fund	BA
Vanguard Trustees Commingled–Intl	FS
Vanguard Trustees Commingled–US	ST
Vanguard Wellesley Income Fund	BA
Vanguard Wellington Fund	BA
Vanguard Windsor Fund	ST
Vanguard Windsor II	ST
Vanguard World–Intl Growth	GS
Vanguard World–US Growth	GS

Venture Advisers
PO Box 1688
Santa Fe, NM 87504-1688
(505) 983-4335 (local); (800) 279-0279

Fund	Type
New York Venture Fund	ST
RPF of America–Equity Fund	ST

Vista Mutual Funds
Chase Service Center
PO Box 419392
Kansas City, MO 64179
(800) 348-4782

Fund	Type
Vista Growth & Income Fund	ST

Voyageur Fund Distributor
100 South Fifth Street
Suite 2200
Minneapolis, MN 55402
(800) 553-2143

Fund	Type
Voyageur Minnesota Tax-Free Fund	MU

Waddell & Reed
6300 Lamar Avenue PO Box 29217
Shawnee Mission, KS 66201
(913) 236-2000 (local) ; (800) 366-5465

Fund	Type
United Accumulative Fund	ST
United Bond Fund	BD
United Continental Income Fund	BA
United Gold & Government Fund	FS
United Government Securities	BD
United High Income Fund	JU
United High Income Fund II	JU
United Income Fund	ST
United International Growth	FS
United Municipal Bond Fund	MU
United Municipal High Income	MU
United New Concepts Fund	ST
United Retirement Shares	BA
United Science & Energy Fund	ST
United Vanguard Fund	ST

Washington Funds Distributors
1101 Vermont Avenue NW
Washington, DC 20005
(202) 842-5300 (local); (800) 972-9274

Fund	Type
Growth Fund of Washington	ST

Weiss, Peck & Greer
One New York Plaza
New York, NY 10004
(800) 223-3332

Fund	Type
WPG Government Securities Fund	BD
WPG Growth & Income Fund	ST
WPG Tudor Fund	ST

Weitz Securities
9290 West Dodge Road
Suite 405
Omaha, NE 68114-3323
(402) 391-1980*

Fund	Type
Weitz Series Fund–Value	ST

Westcore Funds
600 Seventeenth Street
Suite 1605 South
Denver, CO 80202
(303) 595-9156 (local); (800) 666-0367

Fund	Type
Westcore–Basic Value Fund	ST
Westcore–MIDCO Growth Fund	ST
Westcore–Modern Value Equity	ST

Wheat First Securities
PO Box 1357
Richmond, VA 23211
(800) 472-0090

Fund	Type
Southeastern Growth Fund	ST

Winsbury Co
1900 East Dublin-Granville Road
Columbus, OH 43229
(800) 451-8377

Fund	Type
ASO Outlook Group Equity Fund	ST
Emblem–Earnings Momentum Equity	ST
Emblem–Relative Value Equity Port	ST
HighMark Income Equity Fund	ST
Parkstone Bond Fund	BD
Parkstone Equity Fund	ST
Parkstone High Income Equity	ST
Parkstone Intermediate Govt Oblig	BD
Parkstone Prime Obligations	MM
Parkstone Small Cap Value	ST
Parkstone Tax-Free Fund	MM

Wood Logan
1455 East Putnam Avenue
Old Greenwich, CT 06870
(800) 334-0575

Fund	Type
NA Security–Moderate Asset Alloc	BA

Yamaichi Global Fund
Two World Trade Center
Suite 9828
New York, NY 10048
(212) 466-6805 (local); (800) 257-0228

Fund	Type
Yamaichi Global Fund	GS

Zweig Securities
5 Hanover Square
17th Floor
New York, NY 10004
(800) 272-2700

Fund	Type
Zweig Series–Priority Selection	ST

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*Will accept collect calls.

THE FORBES/BARRA WALL STREET REVIEW

BY ERIC S. HARDY

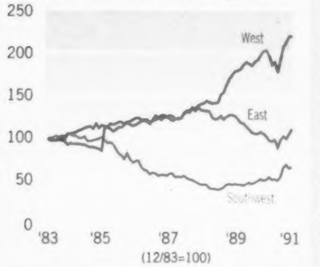
The apparent end of the recession should prolong investor interest in small-capitalization stocks. Historically, many groups of small-capitalization stocks have beaten the overall market at the beginning of a recovery.

Small caps have raced ahead of blue chips so far this year, to be sure, but then they had a lot of catching up to do. So Prudential Securities' director of small-cap research, Claudia Mott, says there is room left for gains among companies with market values under $500 million. Mott's picks include RasterOps, which makes graphic design equipment, home-builder PHM Corp. and First Tennessee National Corp., a $7 billion (assets) bank holding company. "They're all selling below the S&P earnings multiple [currently 18] and they had positive earnings surprises for the latest quarter," Mott says. "Also, their earnings are expected to increase by at least 10% this year and in 1992."

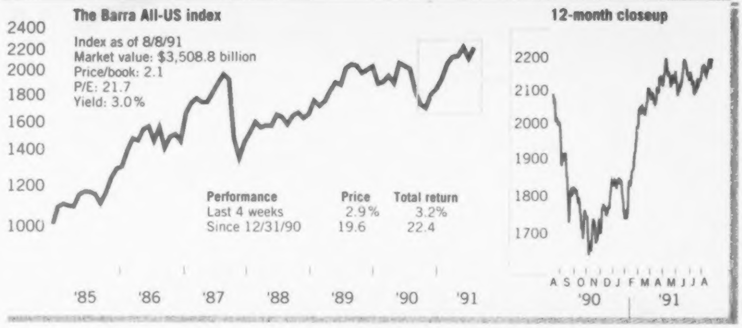
Special focus

A weighted portfolio of 150 leading U.S. bank stocks lagged the market by almost 8 percentage points a year since 1986. But since November of last year the total return on these banks was 22% better than the S&P 500. The recovery first started with western banks, but Barra, which has a computer model that attempts to isolate the regional effect from other factors in bank stock performance, reports that regional differences may be narrowing. Chase Manhattan and J.P. Morgan, for instance, recently reported better than expected earnings.

Relative performance of bank regions



The overall market



Closeup on the market

Index or investment	2-week change	% change from 1 year	5-year high
Barra All-US index	1.6%	14.5%	-0.4%
Sharpe/Barra Growth index[1]	1.2	23.4	0.0
Sharpe/Barra Value index[2]	3.3	11.1	-0.4
Dow Jones industrials	1.1	9.2	-0.7
S&P 500	2.2	14.5	-0.3
NYSE	2.1	14.5	0.0
Nasdaq	3.9	23.3	-0.4
Amex	0.4	7.4	-1.0
EAFE[3]	-0.6	-11.0	-22.9
CRB index[4,5]	0.7	-10.3	-22.7
Gold[5]	-1.8	-3.0	-28.7
Yen[5]	-1.9	-9.4	-16.9
Oil[5]	0.7	6.4	-47.5

The best and worst performing stocks[6]

Best	Price	2-week change	1991 EPS[7]	Worst	Price	2-week change	1991 EPS[7]
Noth American Vaccine	14 7/8	72%	NA	**Utilx**	9 3/8	-32%	$0.86
ICOS	16 3/8	64	NA	**CIS Technologies**	5	-31	0.05
Compression Labs	19 1/2	36	$0.55	**DSC Communications**	4	-27	0.65
WMS Industries	14 7/8	31	NA	**Jones Medical Industries**	7 7/8	-25	0.44
Teradata	18 3/4	30	0.01	**Convex Computer**	10 3/4	-24	0.21

The best and worst performing industry factors[6,8]

Best	2-week change	Since 12/31/90	Worst	2-week change	Since 12/31/90
Real estate	1.0%	30.8%	**Air transport**	-5.5%	16.1%
Leisure, luxury	8.6	31.8	**Precious metals**	-4.0	-15.1
Thrift institutions	8.5	19.6	**Aluminum**	-3.1	9.2
Water transport	6.4	24.9	**Coal, uranium**	-2.5	-9.5
Cosmetics	5.3	27.2	**Motor vehicles**	-1.8	22.2

Note: Data for period ending 8/8/91. The Barra All-US index consists of all publicly traded common stocks for which price quotations are available and ordinary shares of foreign stocks trading on U.S. markets. ADRs, REITs and closed-end funds are excluded. [1] Total return of a portfolio of more than 150 large-capitalization stocks that has high historical earnings growth and has predicted above average earnings growth. [2] Total return of a portfolio of more than 300 large-capitalization stocks characterized by low price-to-book ratios, high yields and low price-to-earnings ratios. [3] A dollar-denominated capitalization-weighted index of more than 1,000 stocks from Europe, Australia, New Zealand and the Far East. Source: Morgan Stanley Capital International Perspective. [4] Index of 21 commodity futures. [5] Knight-Ridder Financial Information. [6] During the last two weeks. [7] Estimate. Source: Institutional Brokers Estimate System, from Lynch, Jones & Ryan. [8] Shows return to the industry factor after controlling for other influences including company size, value and growth characteristics. Multi-industry firms have proportional contributions in two or more groups. NA: Not available. Principal source: Barra, Inc., Berkeley, Calif.

NEW ISSUES REVIEW

BY WARREN MIDGETT

The biggest new issues[1]

Company/business	Exchange	Offer date	Offer price	Recent price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Duracell Intl/batteries	n	5/1/91	15	22	366	Merrill Lynch	47%	150
Intl Specialty Products/specialty chemicals	n	6/24/91	15½	15½	217	Merrill Lynch	0	100
AnnTaylor Stores/women's apparel	n	5/16/91	26	28⅞	127	Merrill Lynch	11	111
Haemonetics/blood processing equip	n	5/9/91	22	25	106	First Boston	14	117
Regeneron Pharmaceuticals/pharmaceuticals	o	4/2/91	22	11⅛	99	Merrill Lynch	−49	52
BWIP Holding/fluid transfer & control sys	o	5/23/91	14	14½	93	Goldman, Sachs	0	101
Vigoro/fertilizer	n	5/20/91	14½	15¾	93	Merrill Lynch	13	113
AES/air-conditioning svcs	o	6/25/91	19	20⅜	91	DLJ	7	107
Caldor/discount stores	o	4/24/91	21	20⅞	87	Kidder, Peabody	−1	103
Carlisle Plastics/plastic prods	n	5/15/91	11	9⅛	74	First Boston	−17	82

Performance update

Is the new issues market getting overheated? By one measure, volume, it is. Securities Data Co. of Newark, N.J. reports that in the second quarter of 1991 there were 88 new corporate issues that had $5 million or more in market capitalization and an offering price of at least $2.50 a share. In the year-earlier quarter there were only 49 such new issues.

But this market differs in one important respect from 1983's bubbly market: The parade of first-time issuers is led by a number of established companies. For example, Duracell International, AnnTaylor Stores and Caldor offered new stock last quarter. Recent offerings include Enquirer/Star Group, which publishes tabloid newspapers, and Ronald Perelman's Marvel Entertainment Group, which is famous for Spiderman, Captain America and other comic heroes.

The spurt of offerings could end as quickly as it began. "[Initial public offerings] are like the flu," says Mark Basch, assistant vice president at Securities Data. "Once they catch on, they run their course, and after that there are only scattered cases until the next season starts." Basch thinks the large number of established companies going public is a sign of economic recovery rather than of an overheated new issues market.

The best new issues[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Medimmune/biological prods	9¼	23	Morgan Stanley	92%	196
Danek Group/surgical prods	15	27	Smith Barney, Harris	80	180
AutoZone/auto parts	23	60	Goldman, Sachs	47	147
Quantum Health Res/home health care	12	30	Alex Brown & Sons	58	160
Duracell Intl/batteries	15	366	Merrill Lynch	47	150

The worst new issues[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Regeneron Pharm/pharmaceuticals	22	99	Merrill Lynch	−49%	52
Cephalon/therapeutic prods	18	59	Hambrecht & Quist	−38	64
Sport Supply Group/sporting goods	9½	24	PaineWebber	−34	67
OW Office Warehouse/office furniture	14½	29	DLJ	−33	67
FA Tucker Group/electrical svcs	6	8	First Albany	−29	71

The most active investment bankers[3]

Underwriter	Total offerings	Total raised ($mil)
Goldman, Sachs	8	$1,262
Merrill Lynch	9	1,054
First Boston	8	502
Alex Brown & Sons	13	405
Salomon Brothers	8	404

Industries going public[3]

Industry	Total offerings	Total raised ($mil)
Banks	2	$698
Chemicals	16	665
Electronics	8	522
Health services	16	484
Electric & gas	6	452

Note: Initial public offerings of common equities with offer date of 4/1/91 to 6/30/91, offering price of $2.50 or more and offering value of $5 million or more. Closed-end funds, limited partnerships, and ADRs (American Depositary Receipts) of corporations already traded in foreign countries are excluded, as are REITs and spinoffs. [1]Last quarter. [2]The ending value of $100 invested in the stock, divided by the ending value of $1 invested in the market. [3]Latest 12 months. Source: Securities Data Co.

NOTE

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